SECTION B – Part 1

For Approval by Cabinet and Recommendation to Council:

Corporate Budget Plan, incorporating the Capital Strategy, Flexible Use of Capital Receipts Strategy and Treasury Management and Investment Strategy

2023/24 to 2026/27

February 2023

Contents

Part 1 – Revenue and Capital Budget Plan

1. Financial planning and management: matching resources to the vision and delivering outcomes

Walsall Council exists to serve the people and communities of Walsall, by representing and working with them to protect and improve the quality of life for all, particularly the most vulnerable. Walsall Council will provide strong, fair, open and honest leadership for the borough and its people and work with any organisation willing to work in the best interests of Walsall. We do this with limited resources and must always work to ensure that public money is targeted to where it is most needed and used in the most efficient way possible. We are led by the communities we serve who help shape the services we provide and we help those communities to make a positive difference to their own lives through active civic engagement and co-operation.

The council's budget is a financial representation of the organisation's plans for the forthcoming financial year and beyond. In times of economic uncertainty, it is imperative that the council plans over the medium term. This budget covers the spending round for 2023/24 and the following three years to 2026/27, and is constructed as an integral part of the council's planning processes.

It is aligned to its priorities, objectives, specifically the Council Plan, and the council's Proud agenda of transformational change. It aims to achieve this through the delivery of efficiencies, income reviews, service reviews and redesigns to redirect existing and reducing resources to areas of high council priority in order to deliver the council's outcomes.

This budget has been prepared using the council's high-level purpose and priorities as outlined in Our Council Plan 2022/2025. The plan presents the council's five priorities with 10 identified outcomes, measured against 20 markers of success. This process ensures transparency and accountability as the council will measure achievements and identify gaps with the focus on reducing inequalities and maximising all potential across the borough. The plan has been informed by an updated Joint Strategic Needs and Assets Assessment (JSNA), several internal strategies, internal and external surveys, Community Safety Needs Assessment and the Local Economic Needs Assessment. It has highlighted some of the impact of the Covid-19 pandemic and how the Council has and continues to respond its impacts, as well as highlighting some of the Council's successes. The theme of the council plan is Positivity and Accountability, drawing and building on the strong partnerships, resilient staff and strong community relationships developed these past 22 months.

The council's financial plan and budget has been reviewed and aligned to the new Council Plan. This budget plan, cash limits, savings and investments are aligned to the council's five priorities and specifically the 10 outcomes which are as follows:

Economic

- Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place
- Education, training and skills enable people to contribute to their community and our economy

People

- People can access support in their community to keep safe and well and remain independent at home
- People are supported to maintain or improve their health, wellbeing and quality of life

Internal

- We get things right, first time and make all services accessible and easy to use
- The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring

Children

- Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential
- Children and young people grow up in connected communities and feel safe everywhere

Communities

- Our communities will be more resilient and supportive of each other
- The people of Walsall feel safe in a cleaner, greener Borough

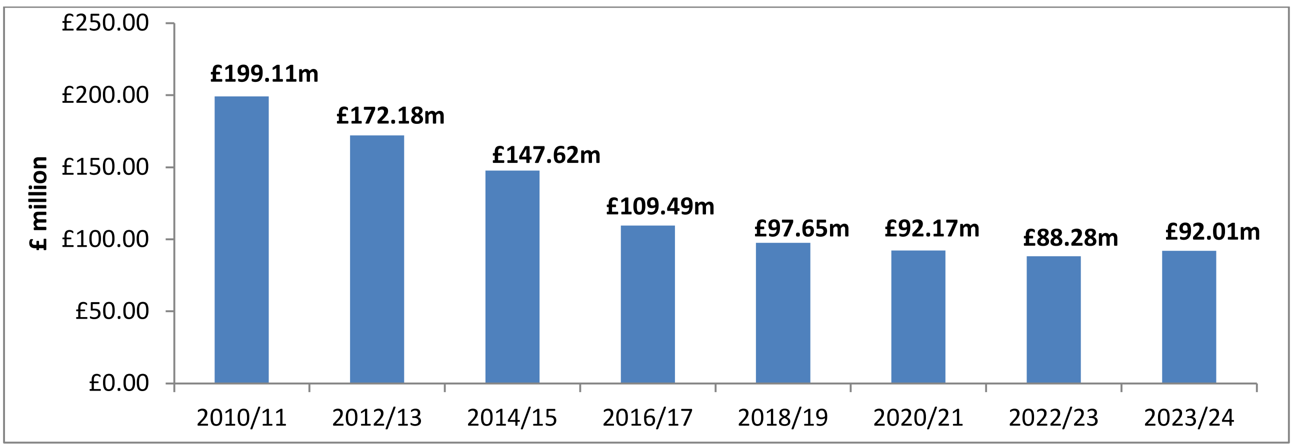
The council will be a key enabler of improvements to Walsall and its' Districts as a place to live, learn and work; working innovatively and collaboratively with strong and resilient communities, public sector partners, schools and businesses to shape services that deliver real and sustainable improvements to people's lives. The council will by necessity be smaller, doing fewer things, and those services that we continue to provide will be delivered in a very different way to how they are now. Our efforts will focus on reducing health, social and economic inequalities and creating an environment where the potential of the area, local businesses, communities and people can be maximised.

1.1 Our Challenges

1. Core Government Funding

Around half of Walsall's funding comes from government grant (c56% - top up, schools DSG and some specific service grants). In 2010, Walsall received £199.11m of government core funding support to deliver services, alongside income generated from council tax. Between 2010/11 and 2023/24, government has cut core grant funding by c£107.1m. Alongside cost pressures over the same period, savings totalling over £265m have had to be identified and implemented.

Government Funding 2010/11 to 2023/24



Government announced only a one-year local government finance settlement for 2023/24 only. The Spending Review (SR21) on 27 October 2021 set out the economic forecast and departmental budgets for the three year period 2022/23 to 2024/25, so we were expecting some clarity over funding for the period to 2024/25 in the provisional settlement, which was not forthcoming. Government has confirmed that this is due to the current national economic uncertainty.

The draft settlement for 2023/24 announced on 19 December 2022 confirmed that there would not be any changes to the current funding formula and that the Review of Relative Needs and Resources (formerly the Fair Funding Review) and changes to Business Rates Retention for 2023/24 would not be introduced. Both of these changes are still under review by government but is unknown at this time when they will be introduced and if there will be changes to the original proposals. This coupled with only a one-year settlement for 2023/24, leaves considerable uncertainty in respect of the amount of income we will receive in government funding from 2024/25 onwards.

From 2017/18, Walsall has been part of the West Midlands Combined Authority (WMCA) 100% business rate retention (BRR) pilot. Government agreed that this would be at ‘no detriment’ to participating authorities; however, there remains some uncertainty as to the future final impact of national policy in respect of BRR. Walsall will assume that we will continue with 100% business pilot for 2023/24 onwards until we are provided with any further direction.

The future financial environment continues to be challenging for councils for 2024/25 and beyond, with significant uncertainties in future grant, both core and specific.

The council’s second largest source of funding is council tax (19.98% of the council’s gross spend is funded from council tax), which continues to be subject to government restrictions on the amount that can be raised from this income stream, previously through ‘capping’, and now through the referendum principles. The budget currently assumes council tax increases of 2.99% in 2023/24 and 2024/25 (below the referendum principles announced in the provisional settlement on 19 December 2022) and 1.99% in the following 2 years. Government guidance also allow councils with social care responsibilities to increase the adult social care precept by a further 2% per year, which the Administration have carefully considered, but is not minded to implement given the cost of living pressures being faced by our residents.

2. Cost of Living

2022/23 has been a particularly challenging year, with the impact of the cost of living crisis and post Covid-19 reset impacting on service delivery and finances. Emerging service pressures have required action to be taken to limit the council’s financial exposure, particularly on the impact of pay, contracts, energy and fuel due to rising prices and inflationary increases. These actions continue to ensure that the budget is balanced for 2022/23, with a sufficient level of reserves to manage existing liabilities and any potential new risks which may arise in 2023/24. Where pressures are forecast to continue into 2023/24, they are incorporated into the draft investment shown at **Annex 5** of this report, particularly:–

- Significant investment into Children’s service children in care placement costs (No. 38 and 57) of over £13.5m;

- Investment No.10 - £1.67m contract price increase for under 65's not covered by Fair Cost of Care;
- Investment No.13 - £1.12m Adult Social Care contractual inflation for Housing 21;
- Investment No. 31 - £1m provision for expected rising costs in energy;
- Investment No. 33 – £10.45m pay and pension changes which has been partly allocated to services to fund the agreed ongoing pay changes from 2022/23;
- Investment No. 35 - £1.22m central provision to cover further ongoing impacts of cost of living and demand on council services;
- Investment No. 52 – £797k contractual inflation with Economy, Environment and Communities;
- Investment No. 53 - £275k provision for rise in vehicle fuel costs.

The 2022/23 budget was predicated on delivery of £18.86m from Proud benefits from the adoption of new ways of working across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance. In year service pressures, including the impact of cost of living, have had some continuing impact on the delivery of savings. All savings are expected to be delivered in year, with the exception of £6.02m (31.92%) of at risk savings, £3.68m are expected to be carried forward for monitoring in 2023/24 with the remaining £2.34m expected to be delivered as full year effects in 2023/24. This is in the main due to the ongoing impact of increasing demand on council services, particularly within Adults and Children's Social Care, rising inflationary increases impacting on contracted services, and some delays in the commencement of consultation on a number of organisational redesigns. This is factored into the financial plan for 2023/24.

3. Demand and other cost pressures

Alongside reductions in funding, the council also faces increasing cost pressures due to both increasing demand and cost of living increases.

The following summarises initiatives, demand and other pressures that have and will continue to have financial implications for the council over the coming years:

- The existing and future unknown impact of the cost of living crisis on council services, including the volatility in inflation (RPI increase of 14% and CPI 10.7% announced for November 2022). This will impact all services through pay, energy, street lighting, fuel, borrowing rates, contracted services, and also take up of council services as a result of less disposable income etc;
- The residual impact of Covid-19, including ongoing cost pressures and reductions in income as a result of an ongoing reduced take up of council services;
- Changes in core government grant funding, for example:
  - Impact of the review of full business rate retention (BRR) and revaluation;
  - Impact of the future review of Relative Needs and Resources (formerly the Fair Funding Review) to include the setting of new baseline funding allocations, subject to confirmation;
  - Uncertainty of core government funding beyond 2023/24, subject to confirmation;
  - Continuation or otherwise of other specific grants e.g. Public Health, Improved Better Care Fund, Supporting Families, Social Care grant, Market sustainability etc;
- Increases and changes in demand:
  - From an ageing population, increases in care package costs and the ongoing impact of Covid-19 have put a strain on local authority systems both in financial and operational terms. For example, Adult Social Care packages and placements costs

have risen by £17.63m from £68.70m in 2017/18 to £86.33m in December 2022/23 – an increase of 25.66%;

- Children and young people in care - March 2018, there were 930 children and young people receiving care or support from the local authority (644 children in care / 286 other support) with an average cost per placement of £735 per week for children in care and £141 per week for other support. In comparison, as at the end of November 2022, numbers had risen to 1,108 (650 children in care / 458 other support) with average costs of £1,631 per week for children in care and £340 per week for other support. Placements costs have risen by 125% in the past four years whilst children in care numbers have increased by 19%.

  The biggest impact on costs has been within external residential placements which have risen from an average cost of £3,802 per week in March 2018 to £6,224 in November 2022. The number of children has also increased from 32 in March 2018 to 75 in November 2022. The rise in placement costs is mainly due to changes in legislation, increased numbers of complex cases and shortage in placements.

- Government's continued reliance on individual council's ability to raise income through council tax increases, rather than providing national ongoing funding to support social care pressures, etc;
- Welfare reform, including universal credit;
- The impact of the delayed adult social care reforms;
- Increased corporate costs, including costs in relation to pay and pensions.

Further information on cost pressures and how these are being managed within the medium term financial framework are outlined in section 2 and summarised in **Annex 5**.

1.2 The Medium Term Financial Framework (MTFF)

The MTFF is a strategic framework and policy document within which the council's finances are constructed and managed. It is part of a suite of policy documents that together comprise the council's approach to effective sound governance and good practice. It is the translation of our vision, aims and objectives into a financial plan, which thereby facilitates delivery of these through the portfolio planning process.

The MTFF is a key document in bringing together the level of available resources with the demands for service delivery and investment, facilitating sound financial and service risk and opportunity management. It also links to the impact on the council's capital resources and external funding opportunities.

Best practice financial management requires that the MTFF is regularly updated to take into account the changing environment within which we work. The last MTFF was updated and approved by Cabinet on 20 October 2021, which is currently being thoroughly reviewed and will be reported back to Cabinet for approval in due course.

Figure 1 shows the relationship between the various components of the financial framework. The MTFF is the overarching corporate financial policy sitting below the Council Plan and above the other elements of the financial cycle. It is the driver for all other financial activity. Below the MTFF sit the other financial strategies; the Capital Strategy and the Treasury Management and Investment Strategy.

<table>
<tr><th colspan="6">Figure 1 : THE FINANCIAL FRAMEWORK</th></tr>
<tr><th>CATEGORY</th><th>OVERALL</th><th>REVENUE</th><th>CAPITAL</th><th>TREASURY MANAGEMENT</th><th>RISK MANAGEMENT</th></tr>
<tr><td rowspan="2">Strategies</td><td colspan="5">Medium Term Financial Framework</td></tr>
<tr><td></td><td>Tax Strategy</td><td>Capital Strategy</td><td>Treasury Management (TM) Strategy</td><td>Risk Management Strategy</td></tr>
<tr><td>Guidance</td><td>CIPFA and technical guidance</td><td>Budget Guidelines</td><td>Capital Guidelines</td><td>CIPFA Code of Practice for TM</td><td>Risk Management Toolkit</td></tr>
<tr><td>Plans</td><td>MTFO</td><td>Annual Budget</td><td>Capital Programme and Asset Management Plan</td><td>Treasury Policy Statements</td><td>Risk Management Action Plans</td></tr>
<tr><td rowspan="3">Governance</td><td>Constitution</td><td colspan="2">Budget Management and Control Manual and the Annual Governance Statement</td><td>Prudential Indicators & Annual Report</td><td>Risk Register reporting and regular review</td></tr>
<tr><td colspan="4">Contract and Finance Rules</td><td>Audit Committee Reports and Annual Report</td></tr>
<tr><td colspan="5">Internal and External Audit Plans and our response to inspection and audit</td></tr>
</table>

The council adopts a policy-led, medium term approach to financial planning, seeking to ensure our budgets are clearly linked to our vision, aims and objectives. We are committed to maintaining financial stability and delivering value for money through effective and efficient services.

The main objective for the council is to maintain good long-term financial health. Achieving this allows us to deliver good quality, value for money services, shaped by our customer demand. Services that are modern, efficient, effective, and fit for purpose. This requires a framework that delivers both continuous, adaptive improvement and core strength. We will also ensure that we benchmark against the Financial Management Code of Practice.

How we will achieve this is through:

- Financial Governance and Leadership
- Financial Planning
- Finance for Decision making
- Financial Forecasting and Monitoring
- Financial Reporting

Financial governance and leadership

1. Our senior management will be financially literate and able to understand fully the financial environment in which the council operates.

Financial planning

1. Our financial planning will be inextricably linked to the council's strategic and corporate planning process. Our financial plans will reflect the councils key strategic priorities.
2. An annual medium term financial framework, covering a four year time horizon, will integrate current expenditure plans and investment programmes, with cash-flow and balance sheet projections, developed in the context of a longer-term strategy, which supports the council's strategic plan.

Finance for decision making

1. In developing our strategic and council plan we will consider the value for money achieved by allocating resources to different activities.
2. We will understand the financial implications of current and potential alternative policies, programmes, and activities.
3. We will analyse our cost profiles and cost drivers and how they will behave under different circumstances.
4. We will understand the whole-life costs associated with capital investment.
5. We will consider all tax related implications, as outlined in the council's tax strategy, in all decisions made.

Financial monitoring and forecasting

1. Management will assure itself that financial performance to date and forecast financial outturns are in line with the plan, including cash-flow and balance sheet projections.
2. Variances will be identified as soon as possible, so that management can either take corrective action to manage unfavourable variances or apply any favourable variances to corporate priorities.
3. The underlying costs of the organisation's key activities and how these are profiled over time will be monitored and reviewed.
4. Financial information will be integrated with non-financial performance and activity information. Together, such information forms the basis for financial forecasts and enables value for money to be monitored.
5. The financial information used both for setting the budget and internal accountability, monitoring and forecasting throughout the year is derived from the same systems that are used to generate the results reported externally in the organisation's statutory financial statements.

Financial reporting

1. To run the organisation effectively, management will have up-to-date financial and non-financial performance information on a timely basis.
2. Reports will be presented in a form that is tailored to user needs, are easy to understand and highlight the key financial issues that they need to be aware of.
3. For its part, management needs to provide timely, accurate and balanced information about its stewardship and use of resources and its non-financial performance to the organisation's different stakeholders. Such information will be presented in a form tailored to meet their needs.

2. Summary of the 2023/24 Revenue Budget

The budget has been prepared for the period 2023/24 to 2026/27 and extends beyond the current Parliament. The 2022/23 position is reported regularly to Members. The current position is a forecast underspend of c£57k as at December 2022, inclusive of a number of in year action plans to bring the position in line with budget.

The focus in this plan is 2023/24, as this is the year for which Full Council are required to set the forthcoming financial envelope (the 'statutory determinations' or gross expenditure and gross income), the council tax requirement and the band D council tax level. Section 4 provides further detail on 2024/25 and beyond.

2.1 2023/24 Revenue Budget Headlines

The revenue budget is constructed in accordance with the council's Medium Term Financial Framework (MTFF), the Council Plan, and all relevant corporate financial protocols and presents a balanced budget, with:

- A focus on a policy-led, medium term, risk assessed budget setting approach using priorities established by Cabinet;
- A total net council tax requirement of **£144.16m**;
- A 2.99% council tax increase, equivalent to a Band D Council Tax of **£1,985.48** (excluding precepts) and **£2,261.05** (including precepts);
- Investment of **£13.05m** for Adult Social Care, Public Health and Hub cost pressures primarily to cover demographic changes and inflationary pressure;
- Investment of **£18.83m** for Children's Services, Education and Customer Engagement cost pressures primarily to cover children in care, demographic changes and contractual inflation;
- Investment of **£3.96m** for Resources & Transformation primarily linked to technology developments;
- Investment of **£3.45m** for Economy, Environment & Communities primarily to cover inflationary pressures;
- Provision for other known budget pressures, including cost pressures, reduced levels of income or grant, and pay changes of **£9.46m**;
- Bringing total investment to **£48.75m**;
- Savings of **£15.71m**;
- Appropriate use of prudential borrowing to support capital investment where affordable and sustainable with revenue costs being reflected in this report;
- Opening general reserves of c**£16.12m** as assessed and recommended by the S151 Officer.

The financial implications arising from the financing of the capital programme for 2023/24 are contained within this revenue budget.

2.2 Government central funding and business rate retention

The Government provides funding to councils through a grant redistribution system (previously referred to as Formula Grant) which includes the redistribution of business rates collected and revenue support grant.

The Government replaced the way it funds councils with a new scheme known as Business Rate Retention (BRR) from April 2013. A review of the scheme to amend the % of retained business rates from 49% to 75% was due to be finalised by 2020/21, but this was abandoned in November 2021 as it went against the Government's levelling up agenda and it was announced that they would look at introducing a new mechanism for redistributing funding to the authorities most in need. This has still to be introduced and nothing is expected to change in relation to 2023/24.

Areas that have agreed a Devolution Deal had the opportunity to be involved in a 100% business rates retention pilot. This was to provide the opportunity to shape national thinking about the eventual scheme, and to take forward further devolution. Walsall, along with the other six West Midlands Authorities, has been piloting the scheme from 1 April 2017. This means that Walsall retains 99% of business rates collected with the other 1% being paid over to the Fire Authority. This results in revenue support grant (RSG) no longer being paid to the authority but it still receiving a top up grant for our shortfall in retained business rates against the government's assessment of baseline funding required for the authority.

The draft settlement for 2023/24 announced on 17 December 2022 confirmed that there would not be any changes to the current funding formula and that the Review of Relative Needs and Resources (formerly the Fair Funding Review) and any changes to Business Rates Retention for 2023/24 would not be introduced.

The draft settlement also announced that the business rates multiplier will be frozen for 2023/24 and not increased by September CPI. There were also a number of other reliefs announced at the same time to aid businesses during 2023/24 with the cost of business rates. Any loss of income to the authority is fully compensated by the government.

The 2023 revaluation of business rates will proceed but with government funded transition relief over 3 years to support businesses as they transition to their new bills in order to protect businesses from the full impact of inflation and support our high streets. Certain telecommunication properties currently held on the local list within authorities will also be transferred back to central government. Any loss of income arising from these changes is fully compensated and included within the Top Up grant from government.

The 2023/24 Walsall's principal form of local government funding is summarised as follows:

- Business rates local share - **£71.96m** in 2023/24 – this is an estimate of what Walsall will bill in business rates. This local share is guaranteed income to revenue and is based on the council retaining 99% of what is expected to be billed in 2023/24, as part of the pilot scheme;
- Top up grant – **£20.45m** in 2023/24. Some authorities collect more business rates than their calculated baseline funding level and are therefore required to pay a tariff to government in excess of their allocated share. Councils like Walsall have a greater baseline funding level than the business rates they can collect and will be paid a top up grant from government to meet the shortfall.

Walsall will also receive £25.53m in business rates section 31 grant to compensate for a number of reliefs and the freezing of the multiplier in 2023/24 and also includes any on-going compensation from previous years changes to the multiplier.

Government measure local authority expenditure by "*core spending power*". Spending power is based on each local authority's power to influence and not control local spending levels. This will include income raised through council tax, business rates retention, specific grants and NHS funding for social care (the latter being spend which the council may have an influence over but does not control). The provisional settlement on 19 December 2022 summarised Walsall's change in spending power as an increase of £27.9m (10.1%) as set out in **Table 1**.

Table 1 : Government Core Spending Power			
	2022/23 £m	**2023/24 £m**	**Variance £m**
Top Up	18.64	20.45	1.81
Business Rates	74.61	77.96	3.35
Total Settlement Funding Assessment (SFA)	**93.25**	**98.41**	**5.16**
Compensation for under indexing	7.64	13.21	5.57
Council Tax Requirement	138.43	146.41	7.98
Improved Better Care Fund	14.18	14.18	0.00
Social Care Grant	15.21	24.50	9.29
New Homes Bonus	0.45	0.01	(0.44)
Lower Tier Services Grant	0.47	0.00	(0.47)
Market Sustainability & Fair Cost of Care Fund	0.97	0.00	(0.97)
Market Sustainability & Improvement Fund	0.00	3.35	3.35
Adult Social Care Discharge Fund	0.00	1.99	1.99
Grants rolled in – Independent Living Fund	0.81	0.00	(0.81)
Grants rolled in – Natasha's Law	0.01	0.00	(0.01)
Grants rolled in – Council Tax Admin	0.48	0.00	(0.48)
Grants rolled in – Council Tax Family Annex	0.00	0.00	0.00
Services Grant	5.15	2.90	(2.25)
Core Spending Power	**277.05**	**304.96**	**27.91**

The provisional settlement announced an increase in Core Spending Power for local authorities in England from £54.5bn in 2022/23 to £59.5bn in 2023/24; a real terms increase of 9.2% (£5bn). However, this is heavily reliant on councils making the maximum council tax increase as well as the number of properties eligible to pay council tax continuing to grow at pre-pandemic levels. Overall, £1.9bn (38%) of the £5bn spending power increase comes from council tax. In reality, after factoring in local estimates of business rates and council tax, the CSP increase is c7%.

2.3 Council Tax – Referendum principles

In recent years Central Government has capped the level of council tax rises. Capping principles are determined on a year by year basis. Since 2012/13, each authority is required to determine whether their council tax increase requires a referendum, which would require the seeking of support from the local electorate. Schedule 5 of the Localism Act introduced a new chapter into the Local Government Finance Act 1992, making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding a set of principles determined by the Secretary of State and agreed by the House of Commons.

The provisional local government settlement for 2023/24, as announced on 19 December 2022, confirmed the council tax referendum limit of up to 5%, inclusive of 2% for the social care precept. This would mean if a local authority seeks to raise its relevant basic amount of council tax by 5% or more for 2023/24, local people would have the right to vote to keep council tax bills down through a binding referendum veto.

Given the scale of the challenge in 2023/24, with an initial funding gap of £15.71m, Walsall proposes to increase the council tax by the 2.99% maximum core element permitted, in line with the core government referendum limit announced on 19 December 2022. This does not include the adult social care precept of an additional 2%, which the Administration have carefully considered, but is not minded to implement given the cost of living pressures being faced by our residents. This 2.99% will secure ongoing funding to support essential service delivery.

This increase equates to a council tax increase of £1.11 per week or 16p a day for a band D property or a 74p increase per week (11p per day) for a band A. 67.43% of residents are in band A and B increasing to 83.49% including band C. It is recognised that the above may have an impact on residents' income. Where residents are on low incomes, they may be entitled to council tax reduction, may be offered welfare benefits and/or money management advice. The council also has a discretionary scheme in place to help those who need support. The council will continue to monitor the impact of these.

2.4 Levies and Precepts

Table 2 shows the levy to be made on Walsall Council by the West Midlands Combined Authority for transport, and the levy by the Environment Agency.

Table 2: Levies 2023/24				
Levy	**2022/23 £**	**2023/24 £**	**Increase / (Decrease) £**	**Increase / (Decrease) %**
West Midlands Combined Authority Levy (Transport)	11,411,844	11,614,200	202,356	1.77
Environment Agency	85,178	85,178	0	0.00

Walsall's precepting authorities are the West Midlands Police and Crime Commissioner, and West Midlands Fire and Rescue Authorities, as shown in **Table 3** below.

Table 3: Precepts 2023/24				
Precepting Authority	**2023/24 Amount £**	**Band D 2023/24 £**	**Band D 2022/23 £**	**Band D Increase %**
WM Police and Crime Commissioner	14,706,884	202.55	187.55	8.00
WM Fire and Rescue	5,301,543	73.02	68.03	7.33

Table 4 shows the Council Tax calculation at Band D.

Table 4: Net Council Tax Requirement and Council Tax Levels 2023/24		
Element of budget	**2023/24 budget £**	**Council Tax Band D £**
WMBC element - required from council tax	**144,163,042**	**1,985.48**
Police & Crime Commissioner precept	14,706,884	202.55
Fire & Rescue precept	5,301,543	73.02
Total from council tax	**164,171,469**	**2,261.05**

NB: based on an approved council tax base of 72,608.66 band D equivalents.

2.5 Net Council Tax Requirement

The gross revenue expenditure budget for 2023/24 will be **£721.69m**, and gross income will be **£577.53m**, resulting in a net council tax requirement of **£144.16m**.

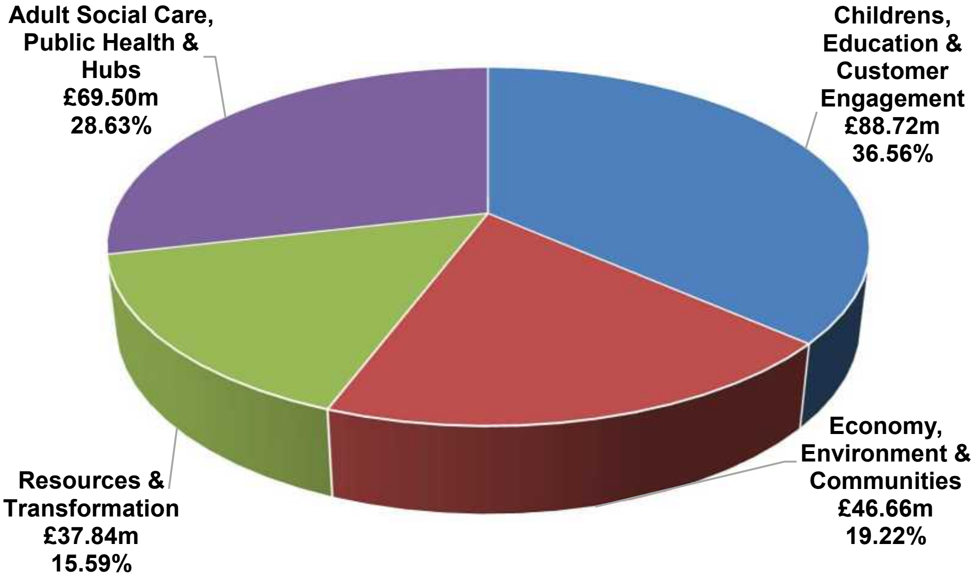
It has been possible to commit to **£48.75m** of investment to address key priorities in 2023/24, funding of essential cost pressures, provision to fund inflationary pressures (i.e. pay and contractual) and corporate cost pressures to fund for example, pension costs. Income targets have also been realigned where ongoing shortfalls have arisen.

This results in a band D council tax for the Walsall Council element only of £1,985.48, representing an increase of 2.99% from 2022/23 levels. This increase is in line with core referendum principles, excluding the adult social care precept which the Administration have carefully considered but is not minded to implement given the cost of living pressures faced by our residents. Most properties in Walsall (67.43%) are in bands A or B (**Annex 3**).

The change in council tax requirement from 2023/24 to 2026/27 is shown in **Table 5.**

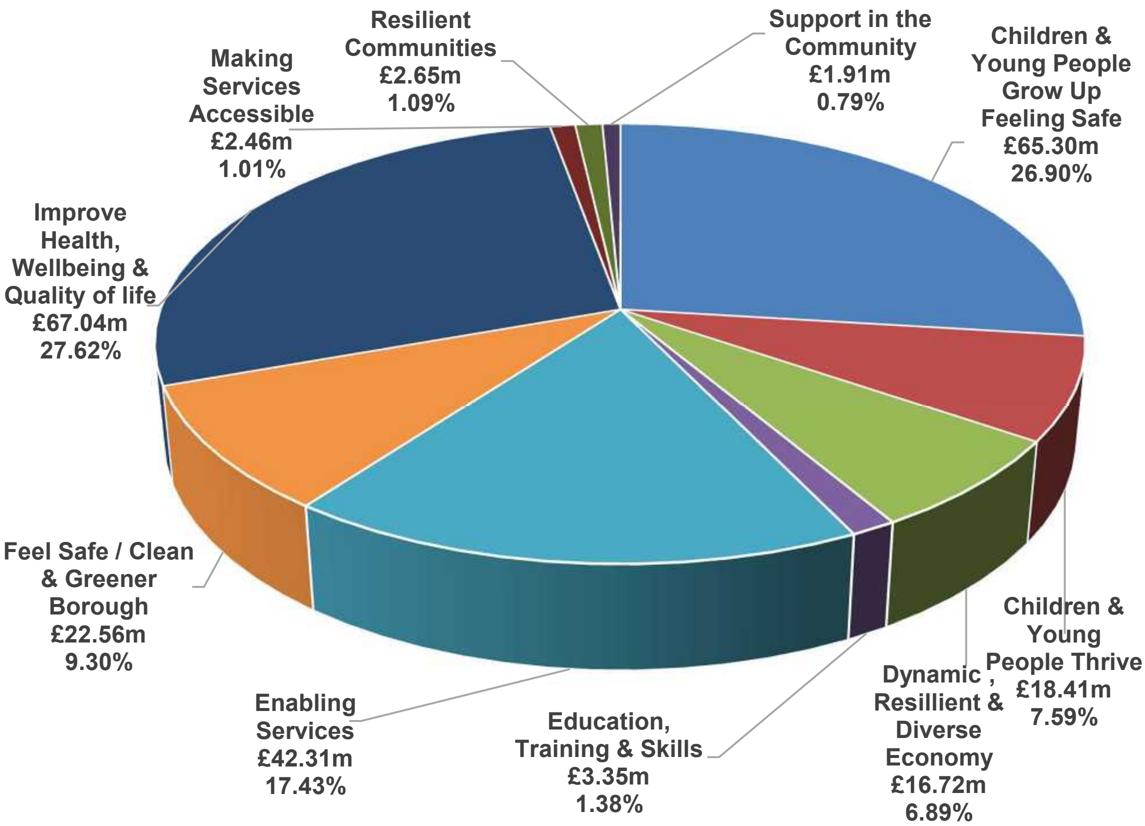
Table 5: Council Tax requirement				
	2023/24 £m	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
Council tax Requirement	**138.43**	**144.16**	**149.49**	**153.50**
Cost Pressures:				
Growth / Investment **(Annex 5)**	48.75	30.42	19.39	15.51
Savings plans identified **(Annex 7)**	(15.71)	(8.10)	(0.85)	(0.84)
Other savings to be identified	0.00	0.00	(12.38)	(8.35)
Other movements / funding changes:				
Other changes including base budget adjustments, grants, income	(19.08)	(8.48)	(0.36)	(0.22)
Core Funding changes	(21.77)	(5.65)	(2.43)	(2.48)
Collection fund (surplus) / deficit	(0.94)	1.22	0.00	0.00
Transfer to / (from) reserves	14.48	(4.08)	0.64	0.50
Revised Council Tax Requirement	**144.16**	**149.49**	**153.50**	**157.62**
Council Tax Increase – General **Council Tax Increase – Adult Social Care precept**	**2.99%** **0.00%**	**2.99%** **0.00%**	**1.99%** **0.00%**	**1.99%** **0.00%**

Figure 2a – Net council tax requirement by directorate



Note: Figure 2a excludes centrally held and capital financing budgets

Figure 2b – Net council tax requirement by outcomes



Note: Figure 2b excludes centrally held and capital financing budgets

2.6 Collection Fund

The collection fund is accounted for separately to the general fund and accounts for income collected from council tax and business rates. In January of each financial year, an in-depth appraisal is undertaken to assess the estimated level of collection (as aggregated to include that relating to the current and previous years), the likely balance of the fund and to advise the precepting authorities (Fire and Police) of their share of the council tax surplus/deficit to enable them to take this into account in their own budget calculations.

In recognition of the impact Covid 19 has had on collection, regulations were put in place by government to spread collection fund deficits arising in 2020/21 over three years commencing in 2021/22 rather than the usual period of one year to ease immediate financial pressures.

The assessment undertaken in January 2023, which incorporated the ongoing impact of Covid-19 on lost council tax and business rate, calculated the following:

- Council Tax - an estimated in year surplus of £1.137m for Walsall (total estimated surplus for 2022/23 of £1.288m including precepts).

  A brought forward cumulative surplus of £0.291m from 2021/22 (total actual surplus of £0.328m including preceptors), payments from the collection fund totalling £0.282m to the council and £0.036m to preceptors and a transfer from the general fund of £0.081m means there is a net surplus of £1.218m for Walsall (total actual net surplus for 2022/23 of £1.379m, less the required contribution of £0.161m to the West Midlands Police and Fire & Rescue);

- Business Rates – an estimated in year deficit of £6.175 for Walsall (total estimated deficit for 2022/23 of £6.237 including precepts).

  A bought forward total deficit of £16.697m from 2021/22, payments from the council and preceptors in relation to this deficit of £18.362m and further adjustments for the spreading of the 2020/21 exceptional balance as allowed by regulation means there is an estimated in year deficit of £6.175m (£6.237m Including West Midlands Fire and Rescue). This results in a cumulative carried forward deficit into 2023/24 totalling £4.526m for Walsall (£4.572m including West Midlands Fire & Rescue).

Changes to council tax base

Council tax base is to be set at 72,608.66 Band D equivalents (71,803.35 in 2022/23). The council tax base (which measures the number of Band D equivalent properties) has increased mainly due to the estimated number of new build properties in the borough.

Changes to collection rates

In year collection for council tax is expected to be 93.5% in 2022/23, up from 93.0% in 2021/22. Collection rates remain slightly below pre Covid-19 levels of approximately 94.0%. Over the longer period 98.0% of debt is still expected to be collected, in line with budgeted expectations.

In year collection for business rates is expected to be 97.2% in 2022/23, up from 96.5% in 2021/22. Collection rates are recovering and are now in line with pre covid-19 levels of approximately 97.3%.

2.7 Other specific grants / pooled funding

The council receives a large number of external grants which make up c56% of the councils total funding. The main grants are summarised below:

- Dedicated Schools Grant (DSG) – £193.26m (excluding academies) – this is passported directly to schools under a specified formulae. Grant is expected to increase by 7.25% between 2022/23 and 2023/24, representing an increase of £15.17m. Of this £7.22m relates to mainstream schools and in the main relates to an increase in pupil numbers and those children eligible for free school meals alongside a minimum increase in funding for Walsall of 0.5% per pupil. The increase also reflects the inclusion of the Schools Supplementary Grant which has been rolled into DSG in 2023/24. A further £6.68m relates to funding for children with high needs, and follows government direction over the previous two years of significant investment in this area to support increased need being seen nationally. Central School Services Block which funds the delivery of statutory duties for all schools has increased by £105k and funding received for early years education has increased by £1.16m which is largely due to an increase in the number of children placed in early years provision;
- Public Health Grant - Local Authorities in England took responsibility for the commissioning of some Public Health services from the National Health Service (NHS) on April 1st 2013. The grant is estimated at £19.28m for 2023/24 and is still subject to final confirmation.
- Social Care grant – funding initially announced in October 2018 to council's for adults and children's social care, which has continued each year thereafter. Distributed using the existing Adult Social Care Relative Needs Formula adjusted for an equalisation payment for those authorities which cannot raise income via the adult social care precept. Walsall's allocation is £24.49m in 2023/24 as announced in the provisional local government settlement on 19 December 2022, an increase of £9.28m which includes the rolling in of the Independent Living Fund (ILF) grant of £808k. The increase is being used to fund growth and demand investment of £5.57m within Adult Social Care, £808k to replace the fall out of ILF income and £2.90m investment in Children's services relating to children in care demand and placement costs.
- Better Care Fund (BCF) – The authority is the lead for the BCF pooled budget which involves partnership working between Adult Social Care and the NHS Black Country Integrated Care Board (ICB), with both parties making a contribution into the fund. BCF (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 spending round, at a national value of £5.3bn, to ensure a transformation in integrated health and social care. It creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. The 2015/16 financial year was the first year of the BCF, with the Improved Better Care Fund (iBCF) introduced in 2017/18. For 2023/24 there has been no changes to the allocations received in 2022/23 of £10.44m for BCF and £14.18m for iBCF as announced in the provisional settlement;

- New Homes Bonus (NHB) - introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas by rewarding local authorities for net additional homes added to the council tax base. The provisional settlement on 19 December 2022 confirmed that there will be no legacy payment (ongoing funding of previous years allocations) of New Homes Bonus. For 2023/24 Walsall will receive £10k, a reduction of £440k on the previous year as we saw no increase in our tax base above the threshold. The national allocation has seen an overall reduction of £265m (48%) which has been used to fund the Funding Guarantee Grant (funding to authorities whose core spending power is below 3%);
- Housing Benefit grant of £58m, expected to reduce annually as we continue to move to Universal Credit. Any change is a net nil impact to the authority;
- Lower Tier Services Grant was introduced in 2021/22 for local authorities with responsibility for lower tier services. This was originally estimated as £471k in our MTFO, but has now been confirmed as ceasing, with the funds being rolled into the Funding Guarantee Grant;
- Market sustainability and Fair Cost of Care Fund – it was outlined at SR21 that social care reform funding would be part of Core Spending Power. In 2022/23, this was the Market Sustainability and Fair Cost of Care Fund worth £162 million, to be distributed using Relative Needs formula, designed to ensure local authorities can prepare their markets for reform (particularly the impact of section 18(3)) and move towards paying providers a fair cost of care, as appropriate to local circumstances. For 2023/24, this has been rolled into a new ASC Market sustainability and Improvement Fund and an additional £400m has been announced to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. This equates to £3.35m for Walsall (including the £966k), an additional allocation of £2.39m. There will be reporting requirements placed on this funding regarding performance and use of funding to support improvement against the objectives. We await these. It is proposed to utilise £1.68m of this additional grant to fund the uplifts in fees, leaving c£710k to be held centrally whilst a plan is worked up by Adult Social Care as to its proposed use;
- New Adult Social Care Discharge Fund - a £300m allocation announced for 2023/24 as part of the provisional settlement on 19 December 2022. This funding of £1.99m is required to be pooled as part of the Better Care Fund. The Government will set out further details on the conditions of this funding in due course. This was originally estimated as £2.38m in our MTFO, but has now been confirmed as £1.99m, a reduction of £0.39m. It will fund new costs of discharge. Current projections estimate the costs may be £3.87m, therefore the grant is insufficient by £1.87m. To mitigate this pressure, there are ongoing discussions to review the length of stay to try to reduce costs where possible. Discussions are to be held with ICB around the risk share proposals for this service which is joint funded via Better Care Fund as £1.66m discharge to assess beds (ICB); £1.63m reablement hours (LA). It is anticipated that utilising a combination of these mitigating actions and the ICB allocation the remaining pressure of £1.87m can be mitigated in full;
- Continuation of the 2022/23 Services Grant of £2.9m for Walsall as announced in the provisional settlement on 19 December 2022 - a shortfall against the MTFO of £1m. The grant is unringfenced. This is so local authorities can provide support across the entire sector in recognition of the vital services delivered at every level of local government;
- Council Tax administration grant of £507k has now ceased and rolled into our core funding within the top up allocation;

- Other grants are expected to continue at current levels – these include specific grants for schools (Pupil Premium, 6th Form, Teachers' pay/pensions), Street Lighting, and Leisure related funding.

2.8 Growth and Investment

The following key financial planning assumptions are included and are based on best professional estimates. The approved budget 2023/24 – 2026/27 includes provision for investment and cost pressures (c£49m in 2023/24 and a further c£65m over the following 3 years), as shown in **Annex 5**, and summarised below, which are proposed to address service demand pressures linked to council priorities in the Council Plan, and the prioritisation of key services.

Primarily, investment covers:

1. *Provision for pay and pensions (corporate cost pressures) and contractual inflation:*
   - Annual pay increase and provision for pay increments;
   - Impact of pension auto-enrolment and tri-annual employer pensions contributions based on the latest valuation information;
   - Provision for contractual increases;
   - Managing the cost of energy and fuel price changes as a result of the cost of living impact.

2. *Demand, demographic changes and managing market conditions within Services (demand led cost pressures):*
   - Increases in placements/costs for children in care;
   - Increased care packages/costs within Adult Social Care arising from an increased ageing population with more complex care needs, linked to Adult Social Care, Better Care Fund and Hospital Discharge funding announced in the provisional settlement on 19 December 2022;
   - Investment to vulnerable resident's in crisis;
   - Support to the Adult Social Care market;
   - Increase in the number of clients requiring home to school transport;
   - Increases in fostering and Special Guardianship Orders fees;

3. *Other service based pressures/investments:*
   - Investment to deliver change and new ways or working through Proud transformation;
   - Reductions in grants such as housing benefit administration grant and council tax support grant;
   - Capacity to cover additional responsibility on the local authority for elective home education and admission appeals, and attendance responsibilities introduced in new legislation;
   - Reduction in traded services income from schools;
   - Growth within Resilient Communities;
   - Management of the council's obligations for climate change;
   - Review of ICT infrastructure requirements including Cloud/ licences and associated resources;
   - Review of resources within Support Services (Finance, Human Resources, Legal, Elections).

4. *Other central provisions:*
    - Review of the capital financing, treasury debt and investment portfolio;
    - Revenue implications of the capital programme, business change initiatives and specific projects, etc

Table 6 below summarises investment into directorates.

Table 6 : Investment by directorate					
Directorate	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Adult Social Care, Public Health & Hub	13.05	6.28	3.18	1.17	23.67
Children's, Education & Customer Engagement:					
- Children's Services	17.92	4.45	3.98	3.62	29.97
- Customer Engagement	0.91	0.55	0.04	0.04	1.54
Economy, Environment & Communities	3.45	1.41	0.52	0.59	5.97
Resources and Transformation	3.96	1.65	0.75	0.03	6.39
Central / Capital Financing	9.46	16.08	10.92	10.07	46.53
Total	**48.75**	**30.42**	**19.39**	**15.51**	**114.07**

2.9 Savings requirement

In order to set a balanced budget, and after a review of available resources from central Government grant and local resources, and taking into account additional known and likely pressures, total revenue reductions of £18.86m were approved by Council in February 2022 for 2022/23.

Our approach to budget setting was established in 2020 with overall financial savings expected to be delivered via Proud activity. For 2023/24 Proud work streams will continue to provide the 'enablers' to allow directorates to deliver their service transformation plans.

For 2023/24 and future years, the council's medium term financial framework has been updated to reflect the predicted changes to direct government funding, the collection fund and other known cost pressures set out in the previous sections of this report, resulting in a revised requirement to make changes to service delivery to meet a four year funding shortfall of c£46.23m as follows:

2023/24 - £15.71m
2024/25 - £8.10m
2025/26 - £13.23m
2026/27 - £9.19m

2.10 Walsall Proud change activity

Our approach to setting the budget from 2020/21 was different to previous years. The new approach set the overall financial savings expected to be delivered via Proud work stream activity.

Walsall Proud (WP) sets out an extensive and ambitious change agenda and initiatives designed to modernise the way the council works and deliver improved services to customers. The launch of the programme in April 2019 marked the beginning of a period of intensive activity designed to deliver sustainable improvements to both the council's existing ways of working and as a consequence, its long term budget position. As such, these improvements are set to last well beyond the term of the programme putting the council in a sustainable position for the future, able to attract, develop and retain great employees, balance competing demands for scarce resource, provide easy access to council services and play a vital role in the future of our communities.

The Proud Promises guide the decisions of the Walsall Proud Board and transformation activity. The Proud promises are:

- Improve outcomes and customer experience
- Improve employee satisfaction and engagement
- Improve service efficiency and performance

Following the March 2021 report to Cabinet regarding the next stages of Proud, Walsall Proud has developed from a formal programme into work streams supporting Walsall's continuous improvement journey with the appropriate governance, assurance and structures to support this delivery. The focus remains on transforming the way the council works and delivering on the council's Proud promises, linking to the Council plan and outcomes for the borough. Walsall Proud activity covers all council services and consists of a number of key work streams, as follows:

- Enabling Communications and Culture
- Customer Access and Management
- Designing the Ways of Working – Hub and Enabling Support Services
- Enabling Technology
- Income Generation & Cost Recovery
- Adult's Social Care – Continuous Improvement Programme

For 2023/24 Proud work streams will continue to provide the 'enablers' to allow Directorates to deliver through Service Transformation Plans (STP's).

The Proud business case set out up to £70.26m of ongoing saving opportunities, of which savings to date are as follows:

- Delivered 2020/21 - £1.19m;
- Approved for delivery during 2021/22 - £28.90m (£26.62m after adjusting for one-offs of £2.28m). Of this £7.76m remained undelivered at the end of 2021/22, £5.35m of which had no delivery plans in place and therefore have been carried forward from 2021/22 for monitoring of delivery in 2022/23. The remaining £2.41m of benefits were delayed in implementation with full year effects of delivery expected in 2022/23.
- Approved for delivery during 2022/23 - £18.86m;
- Identified for delivery in 2023/24 - £15.71m (in this report);
- £1.99m of benefits identified but not approved;
- Identified for delivery in 2024/25 - £8.10m;
- Totalling £72.47m, resulting in the original target being met by 2024/25 (subject to the full delivery of savings as set out in this report).

Further details of the work streams and activity are shown in **Annex 6**. Proud is developed around the following ten key outcomes, aligned to Council Plan priorities:

Economic
- Supporting a dynamic, resilient and diverse economy where business invest and everyone has the right jobs and the right housing in the right place
- Education, training and skills enable people to contribute to their community and our economy

People
- People can access support in their community to keep safe and well and remain independent at home
- People are supported to maintain or improve their health, wellbeing and quality of life

Internal
- We get things right, first time and make all services accessible and easy to use
- The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring

Children
- Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential
- Children and young people grow up in connected communities and feel safe everywhere

Communities
- Our communities will be more resilient and supportive of each other
- The people of Walsall feel safe in a cleaner, greener Borough

Proud savings of £15.71m are required in 2023/24 to balance the budget and these have been identified. These are summarised at **Annex 7**, split into two categories;

A. **Policy Proposals** - which require an Executive (Cabinet) decision to proceed, and which will be referred for public consultation and equality impact assessment prior to any decision being made to include these in Cabinet's final budget proposals. These total £821k in 2023/24;

B. **Operational Proposals** – savings which officers have delegations to implement; examples include restructures, back office savings, operational efficiencies. These total £14.89m in 2023/24 (£24.69m over the four years).

Savings of £15.71m in 2023/24 are summarised by Proud Outcomes in **Table 7:**

Table 7: 2023/24 Savings by Proud Outcome			
Outcome	**Policy savings Annex 7A £m**	**Operational savings Annex 7B £m**	**Total savings £m**
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	(0.08)	(1.16)	(1.24)
Education, training and skills enable people to contribute to their community and our economy	0.00	0.00	0.00
People can access support in their community to keep safe and well and remain independent at home	(0.09)	(0.16)	(0.25)
People are supported to maintain or improve their health, wellbeing and quality of life	(0.01)	(2.28)	(2.29)
We get things right, first time and make all services accessible and easy to use	0.00	(0.57)	(0.57)
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	(0.01)	(7.05)	(7.06)
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	0.00	(0.40)	(0.40)
Children and young people grow up in connected communities and feel safe everywhere	0.00	(2.29)	(2.29)
Our communities will be more resilient and supportive of each other	0.00	0.00	0.00
The people of Walsall feel safe in a cleaner, greener Borough	(0.63)	(0.98)	(1.61)
Total Savings / efficiencies	**(0.82)**	**(14.89)**	**(15.71)**

Service Transformation Planning process (STP)

Directors and their Heads of Service were tasked with completion of new STP's linking their current and future service delivery with Council priority outcomes as per the Council Plan. This will allow for identification of potential transformation activity and associated savings for future financial years. Those identified to date are outlined within this report, with the need for further review to close the financial gap from 2024/25 onwards.

The Council Plan direction of travel approach sets out how the budget will be aligned to deliver the desired outcome i.e. through different amounts of delivery, coordination, influencing, signposting or regulating. A review of the current delivery model will be undertaken alongside the direction of travel and re-prioritised where appropriate to maximise value for money and overall delivery of outcomes and ensuring the 2023/24 onwards budget is built and developed on this moving forward.

Table 8 summarises savings identified for 2023/24 to 2026/27 by directorate:

Table 8 : Summary of savings by directorate					
Directorate	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2024/25 £m**	**Total £m**
Adult Social Care, Public Health and Hub	(2.05)	(0.41)	0.00	0.00	(2.46)
Children's, Education and Customer Engagement:					
- Children's Services	(2.68)	(1.74)	(0.84)	(0.84)	(6.10)
- Customer Engagement	(0.73)	0.00	0.00	0.00	(0.73)
Economy, Environment and Communities	(3.19)	(0.36)	(0.01)	0.00	(3.56)
Resources and Transformation	(1.69)	(0.59)	0.00	0.00	(2.29)
Central / Capital Financing	(5.37)	(5.00)	0.00	0.00	(10.37)
Total	**(15.71)**	**(8.10)**	**(0.85)**	**(0.84)**	**(25.51)**

Table 9 shows net investment (investment less savings) for each directorate indicating significant net investment overall of £55m over the two years 2023/24 and 2024/25, and specifically into the key priority areas of Adult Social Care and Children's Services.

Table 9 : Net investment by directorate						
Directorate	**2023/24**			**2024/25**		
	Investment £m	**Savings £m**	**Net £m**	**Investment £m**	**Savings £m**	**Net £m**
Adult Social Care, Public Health and Hub	13.05	(2.05)	11.00	6.28	(0.41)	5.87
Children's, Education and Customer Engagement:						
- Children's Services	17.92	(2.68)	15.24	4.46	(1.73)	2.72
- Customer Engagement	0.91	(0.73)	0.18	0.55	0.00	0.55
Economy, Environment and Communities	3.45	(3.19)	0.25	1.41	(0.36)	1.05
Resources and Transformation	3.96	(1.69)	2.27	1.65	(0.59)	1.05
Central / Capital Financing	9.46	(5.37)	4.10	16.08	(5.00)	11.08
Total	**48.75**	**(15.71)**	**33.04**	**30.42**	**(8.10)**	**22.32**

Annex 1 outlines the indicative cash limit for 2023/24 by directorate, and **Annex 2** by outcome. **Annex 4** outlines indicative cash limits by directorate over the four year period to 2026/27.

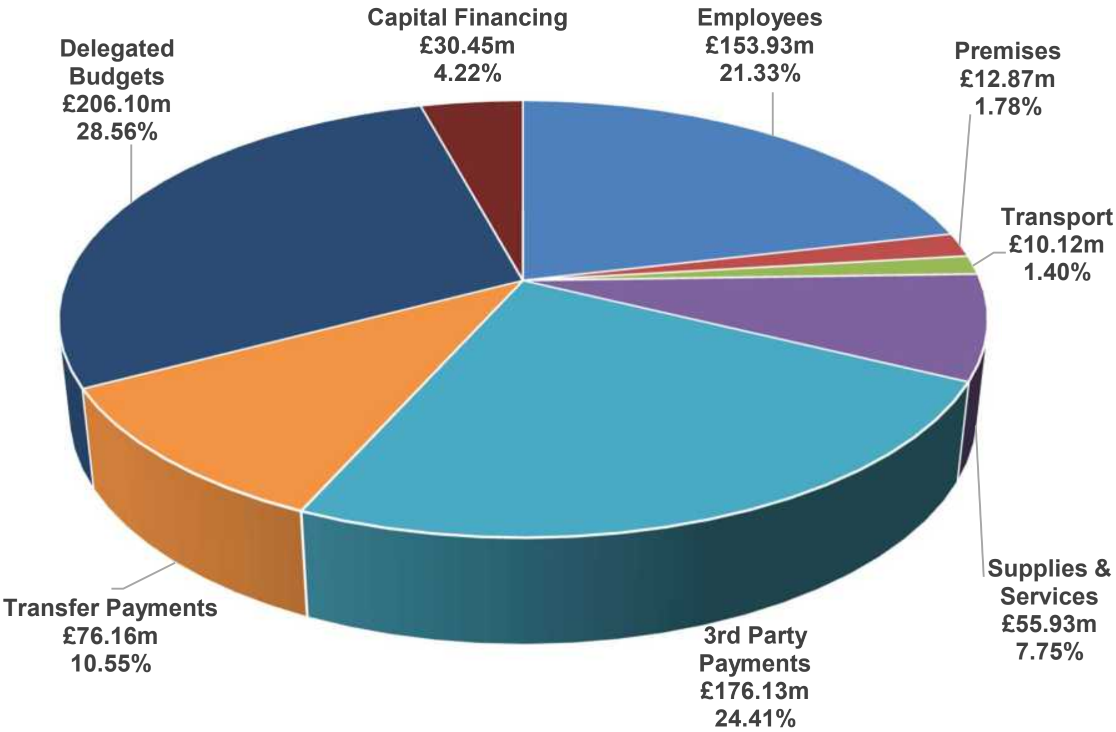
2.11 Expenditure and Income

Expenditure analysis

The council analyses its expenditure by category, as referred to in **Table 10,** and illustrated in **figure 3.**

Table 10: Expenditure by Category of Spend	
Type of Expenditure	**£m**
Employees	153.93
Premises and Transport	22.99
Supplies and Services	55.93
Third Party Payments	176.13
Delegated Budgets	206.10
Leasing and Capital Financing	30.45
Transfer Payments	76.16
Total Expenditure (excluding Internal Recharges)	**721.69**

Figure 3 – Spend by Type of Expenditure

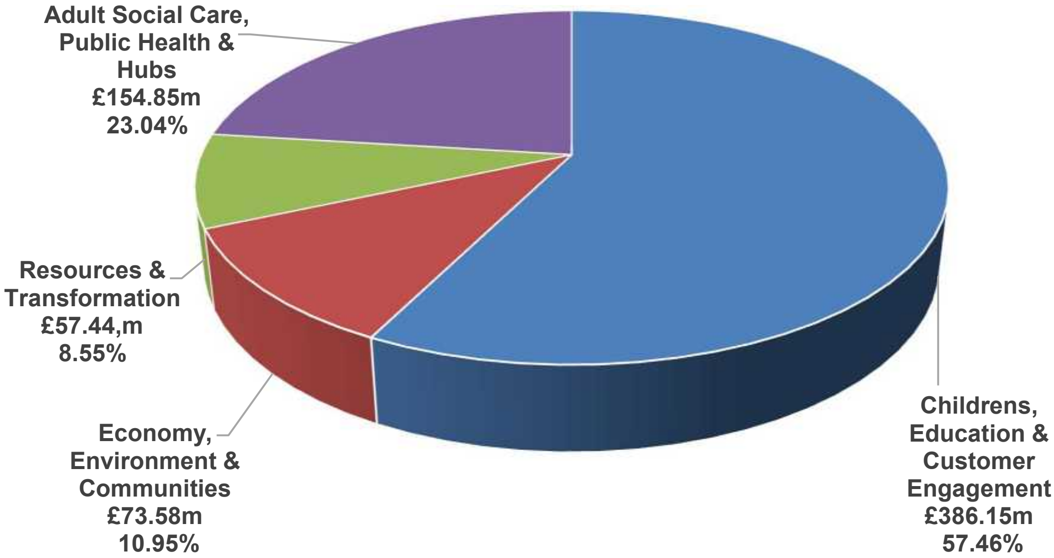


Notes

- *Transfer payments include expenditure such as housing benefits, rent allowances and social services direct payments – for example payments for which no goods or services are received in return by the local authority.*
- *Delegated budgets include budgets for schools, community associations and allotments.*
- *Third Party Payments include payments to external contractors.*

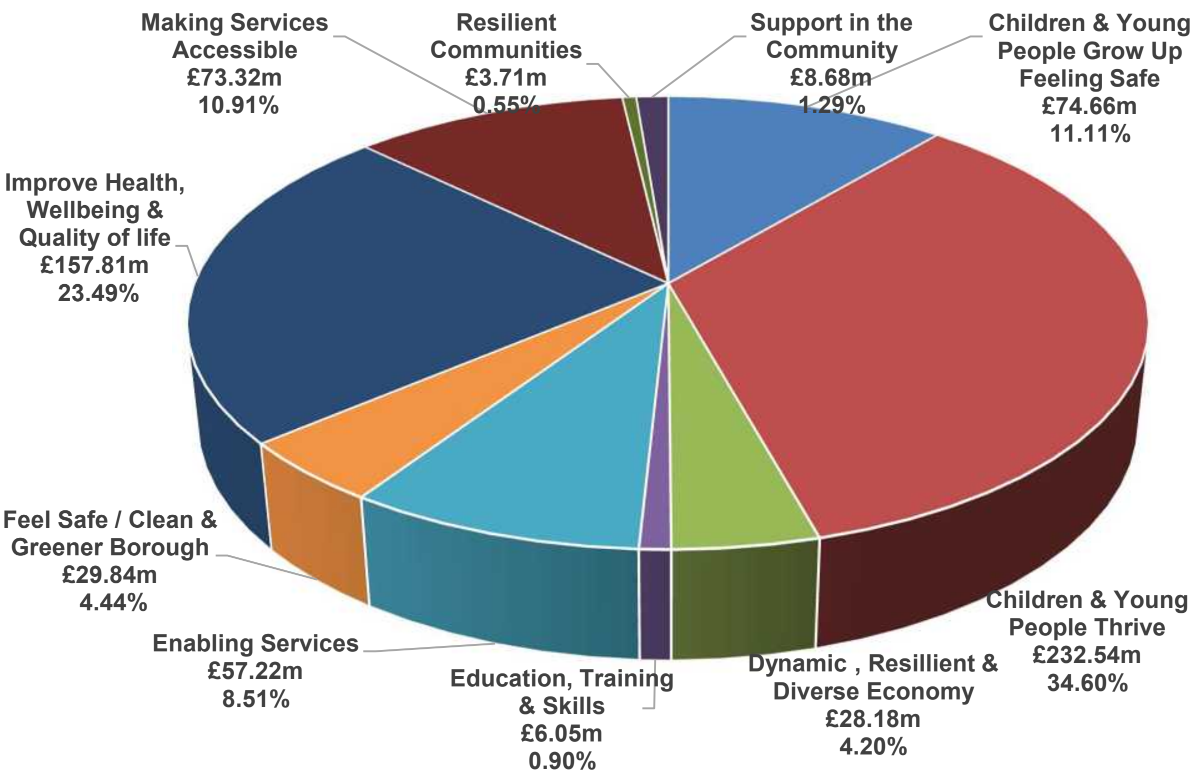
The total council expenditure is analysed by directorate in **figure 4a** and outcome in **figure 4b**. For Children's, Education and Customer Engagement, 15.05% of the £385.99m relates to Housing Benefit payments and 53.40% relates to Schools.

Figure 4a – Gross expenditure by directorate



Note: Figure 4a excludes centrally held and capital financing gross expenditure budgets

Figure 4b – Gross expenditure by outcome



Note: Figure 4b excludes centrally held and capital financing gross expenditure budgets

<u>Income analysis</u>

The council receives income from a number of sources including council tax, Central Government grant and specific grants to help pay for certain services including schools and social care. The council also charges for some services, such as parking, use of leisure facilities, etc. In 2023/24 the council tax will account for c20% of total income. **Figure 5** shows all the main sources of income, which is analysed by directorate at **Figure 5a** and by outcome at **Figure 5b**.

Figure 5 – Sources of income

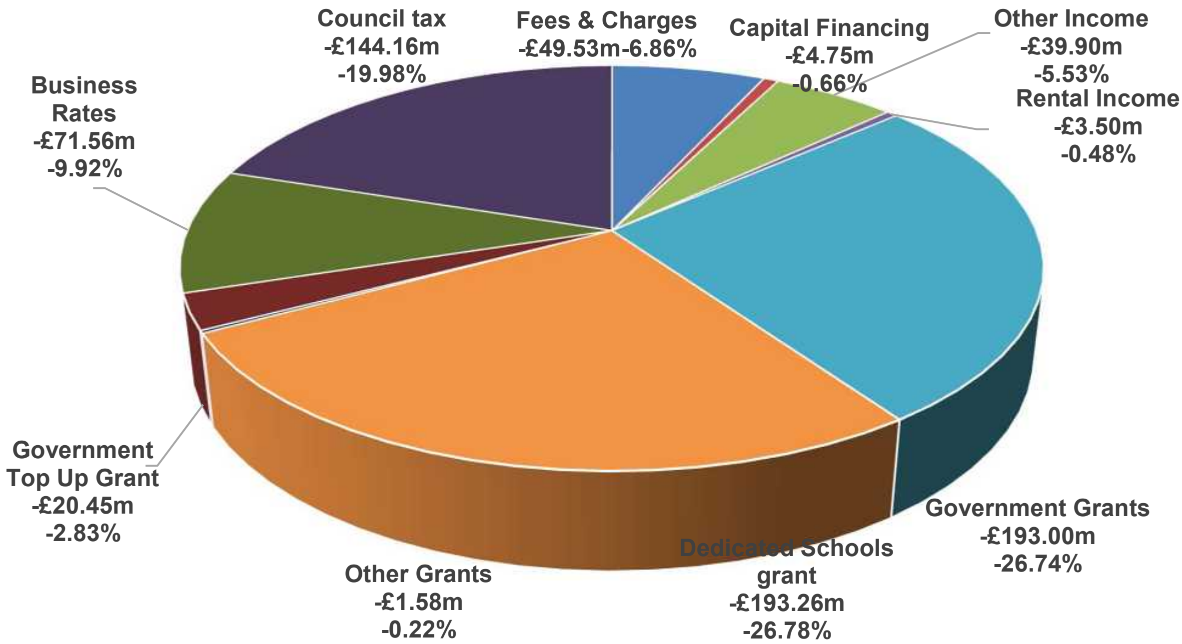
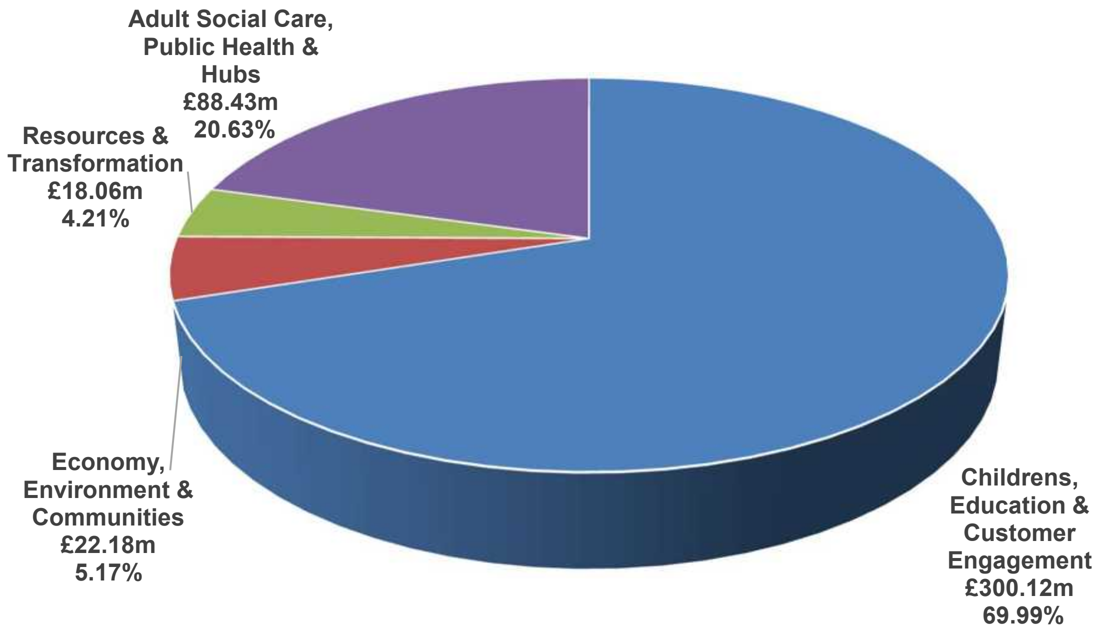
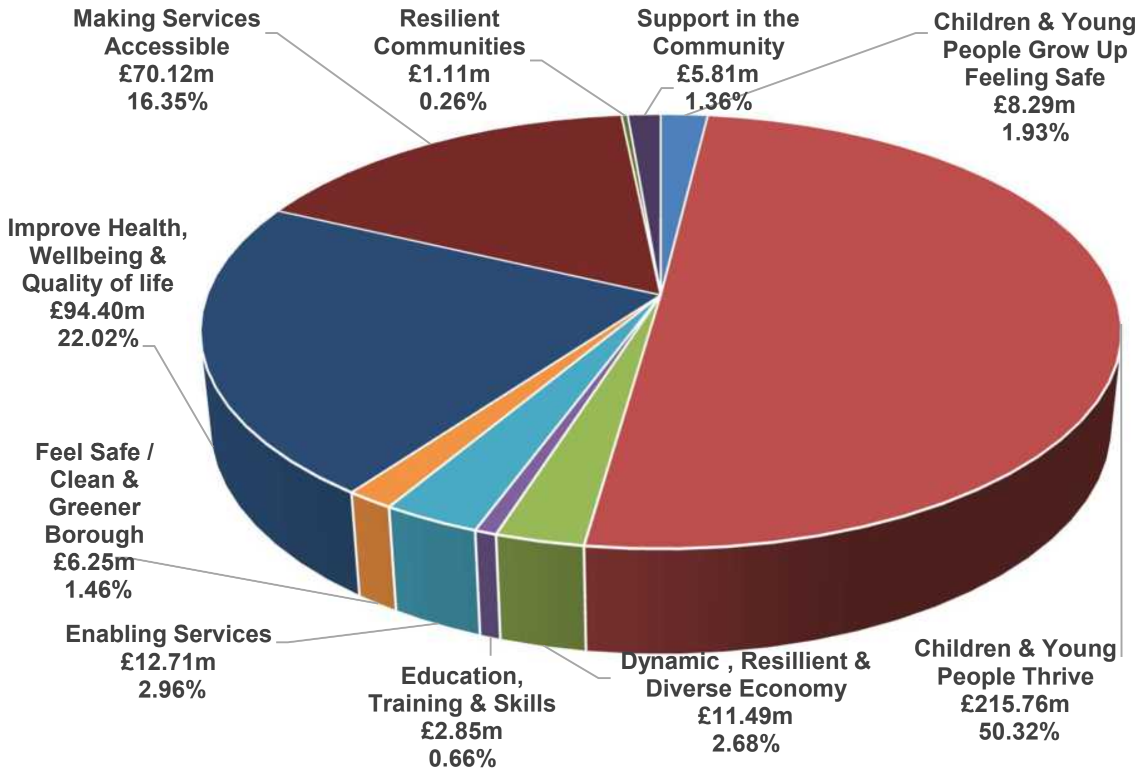


Figure 5a – Gross income by directorate



Note: Figure 5a excludes centrally held and capital financing gross income budgets

Figure 5b – Gross income by outcome



Note: Figure 5b excludes centrally held and capital financing gross income budgets

Council services are required to annually review their fees and charges to ensure they remain relevant, competitive, and recover appropriate costs of running the service (where applicable). Through the Income Generation and Cost Recovery workstream of the Councils Proud redesign activity, it was recommended for the Council to annually publish a central fees and charges register of all charges levied on the Councils webpage, and for this to be annually reviewed. The fees and charges register for 2022/23 is a key document on the publications page, and can be accessed by the following link –
Publications | Walsall Council

This document will be updated for 2023/24 charges once they have been finalised following approval of the 2023/24 budget.

2.12 General / Earmarked Reserves and Contingencies

The council's MTFF sets out how the council will structure and manage its finances now and in the future to ensure it continues to demonstrate financial stability and to ensure this facilitates delivery of the council plan objectives.

The council's statutory S151 Officer produces the Framework and advises on the level of reserves, in accordance with statute, best practice, professional opinion and the council's MTFF. In accordance with Section 25 of the Local Government Act 2003 and to comply with CIPFA guidance on local authority reserves and balances, the S151 Officer is required to formally consider and report to members upon the adequacy of reserves in respect of the 2023/24 budget, as outlined in **Annex 11**.

Additionally, this requirement covers reporting on the robustness of the estimates used for the purpose of calculating the budget.

The Government is planning to fundamentally change the way in which local government is funded, which increases the financial risk to the council. As such, and in accordance with statute and best practice, the level and nature of reserves have been reviewed as part of the budget process.

3. Summary of the 2023/24 Capital Programme

Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a requirement for councils to produce a Capital Strategy. This should "*set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk, reward and impact on the achievement of priority outcomes."* The revised Capital and Investment Strategy is set out at **Annex 8**.

The council has an asset portfolio of £570m as at 31 March 2022. Therefore, managing and maintaining these assets is a key issue for the council to ensure they continue to be fit for purpose and their value is maintained. The capital programme is key to delivering the council's vision and priorities.

Due to the diverse nature of capital expenditure, each capital scheme impacts on residents in different ways according to their use of council facilities and services. The capital programme has been constructed within the principles outlined in our Capital Strategy. This document drives the construction and management of the capital programme. The Strategy reflects and enables delivery of the council's vision and priorities and approved schemes must deliver that aim. It also requires the council to optimise successful partnership working for example through the Walsall Partnership, NHS Walsall, registered social landlords and regionally with other councils.

The 2023/24 capital programme totals £221.01m, as detailed in **Annex 9**, and is presented in two parts:

A. Council funded programme (£110.45m – inclusive of £58.91m forecast carry forward from 2022/23) - funded through borrowing and capital receipts (**Table 11/12**). Of this £1m is identified for council wide schemes, funding to support essential works including health and safety and other projects that cannot be guaranteed at the start of the year.

   A provision of £40m was approved by Council in February 2021, with a further £30m approved by Council in February 2022, a total of £70m set aside over the 5 year period 2021/22 to 2025/26 for council development investment opportunities, including emerging regeneration schemes and major capital projects. This provision has been increased by a further £29m over the period to provide funding to support those schemes in development stages as outlined at **Annex 9(a5)**. This includes schemes where funding or match funding is required (subject to external funding bidding processes) in order for some of these projects to progress as there is insufficient headroom within the existing capital programme to fund all of these development opportunities. This provision is held centrally. Of the £99m total provision, approximately £52m has been allocated, with the remaining £47m (development investment line referred to in **Annex 9(a3)**) to be allocated. To access these funds, an outline business case is required to be endorsed by the council's Strategic Investment Board, followed by a full business case for Cabinet approval.

B. Non-council funded programme (£110.56m – inclusive of £62.15m forecast carry forward from 2022/23) - funded from capital grants and other external contributions **(Table 13)**.

In addition, the council's leasing programme for 2023/24 is £1.48m, the revenue costs of which are included in the revenue budget **(Table 14).**

Capital resources will continue to be limited in the future, inevitably placing more pressure on our ability to make future capital investment decisions. Funding will be more reliant on the council's ability to secure capital receipts from sale of land and buildings or affordable additional borrowing. A strategic review of assets is being undertaken as part of the Corporate Landlord work stream of Proud, which will inform the revision of the Capital Strategy and formulation of future years capital programmes.

Following consultation during 2020, HM Treasury revised access requirements for local authorities seeking to access borrowing from the Public Works and Loans Board (PWLB). These revisions mean that Local Authorities will not be able to access PWLB borrowing to buy investment property with the primary aim of 'generating yield', and specifically to access PWLB funding authorities will need to submit three year capital plans to PWLB, with the S151 officer confirming that there is no intention to buy investment properties primarily for yield at any point within those three years.

If there are any intentions by the authority to buy investment properties primarily for yield within the four year capital programme then PWLB will not be able to lend to the authority for the period of that programme. HM Treasury have also confirmed that where local authorities do seek to pursue debt-for-yield projects which they finance in other ways, such as through the use of internal cash balances or borrowing from other financial institutions, they would then not be able to access PWLB borrowing to refinance this element of debt going forwards. Walsall are not intending to pursue debt for yield.

As interest rates on PWLB borrowing are normally more favourable than other forms of borrowing, being unable to access PWLB and having to seek borrowing from other financial institutions is therefore likely to increase the overall revenue costs required to fund the elements of the councils capital programme which are funded from borrowing – for example every 1% increase in interest costs on a four year capital programme including circa £151m of capital spending funded from borrowing (similar to the level included within this report, excluding carry forward from 2022/23) would add £1.51m of additional ongoing revenue costs per year by the end of the four year period.

Council Funded Programme: Funded from Walsall's own resources

Funding

The council funded element of the capital programme is normally financed from borrowing, capital receipts and the carry forward of unspent allocations from previous years.

Borrowing is required to be funded from the council's own resources – generated through savings, and/or paid for via council tax. (This is also commonly known as unsupported or Prudential borrowing). Councils are allowed to borrow in accordance with the Treasury Management Code of Practice. The current capital financing / services cash limit is forecast to be able to support £50.02m of additional borrowing to fund high priority items in 2023/24 (excluding carry forwards from 2022/23).

Annex 10 sets out the council's Flexible Use of Capital Receipts Strategy, which will utilise eligible new receipts to fund elements of the council's Proud Programme. **Table 11** shows planned resources to fund the mainstream capital programme for the four years from 2023/24.

Table 11 : Draft Capital Programme 2023/24 to 2026/27 (Council Funded)					
Anticipated Capital Resources	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Capital receipts projected	1.50	1.50	1.50	1.50	6.00
General borrowing as per Council 24 February 2022	7.10	4.67	4.67	4.67	21.11
Other scheme borrowing as per Council 24 February 2022	34.60	25.80	13.04	0.00	73.43
Carry Forwards from previous years - Enterprise Zones	0.39	2.71	0.00	0.00	3.10
Revenue contribution to capital	0.02	0.02	0.02	0.02	0.08
Funding as approved by Council 24 February 2022	**43.60**	**34.70**	**19.23**	**6.19**	**103.72**
Borrowing for new schemes / development	7.93	31.04	4.28	3.87	47.12
Forecast carry forward from 2022/23	58.91	0.00	0.00	0.00	58.91
Total Council Funding	**110.45**	**65.74**	**23.51**	**10.06**	**209.75**

Carry forwards from 2022/23 are estimated based on the forecast position at December 2022 (£58.91m council funded and £62.15m external funded), which are included in the capital programme at **Annex 9**. All carry forwards will be reported to Cabinet for approval alongside the outturn position for 2022/23 once finalised. This currently includes £4m set aside for Flexible Use of Capital Receipts.

Capital Schemes

For 2023/24 services were asked to review current and future schemes included in the capital programme approved by Council in February 2022. Requests for new allocations were considered in line with council priorities and the work of the Proud change programme. Details can be found in **Annex 9A** and are summarised by directorate in **Table 12** below.

Table 12: Capital Programme 2023/24 by Directorate (Council funded)				
Directorate	**Rolling Programme £m**	**Prior Year Approvals £m**	**New allocations £m**	**Total Council Funded £m**
Adult Social Care, Public Health and Hub	0.00	0.00	0.00	0.00
Children's, Education and Customer Engagement	0.49	1.07	1.00	2.55
Economy, Environment and Communities	3.21	52.83	1.51	57.55
Resources and Transformation	0.00	19.92	5.25	25.17
Centrally held budgets *	1.47	23.21	0.50	25.18
Total Council Funded Capital	**5.17**	**97.02**	**8.26**	**110.45**

**Centrally held relates to £1.47m (inclusive of £468k carried forward from 2022/23) funding to support essential works, including health and safety e.g. retained housing land, asbestos removal, statutory testing, legionella, fire risk, demolition of redundant buildings, planned maintenance, risk management and self-insured property damage; £4m carried forward from 2022/23 for Flexible use of Capital Receipts; and a further £19.21m (inclusive of £14.82m carried forward from 2022/23) for pipeline development investment opportunities/contingency, which will be allocated in year subject to a full business case being approved by Cabinet.*

Schemes are recommended to go ahead for a number of reasons:

- Address policy including;
  - Support with cost of living
  - Creating jobs and helping people get new skills
  - Improving educational achievements
  - Helping local high streets and communities
  - Help create more affordable housing
  - Promoting health and wellbeing
  - Ensuring a modern effective council (including ICT infrastructure)
- Return on investment / asset management - schemes that unlock external investment in the borough; drive out long term revenue savings; support the strengthening of the borough's economy; deliver an efficient and effective operational estate; and invests in assets to grow future income streams for the council;
- Supports the delivery of ongoing benefits identified through the Proud change programme;
- Capital insurance reserves: to protect the council's position, for which funding is available should the need arise to draw it down;
- Priority schemes for which external funding can be drawn down and which may or may not require a contribution from the councils own resources.

All capital schemes were reviewed by the Corporate Management Team and Strategic Investment Board, prior to formal consideration by Cabinet for recommendation to Council. The draft capital programme was also scrutinised by Overview and Scrutiny Committees. Whilst the overall demand for resources usually exceeds those available, schemes deemed to be a high priority in terms of reflecting the council's priorities can be funded, representing a balanced programme for 2023/24 with indicative allocations which are subject to further review for 2024/25 onwards.

Externally Funded Programme

Full details of externally funded schemes are found in the capital programme at **Annex 9B** and are summarised in **Table 13** below. Many of these are indicative allocations pending formal notification from the respective funding bodies, and the capital programme will be adjusted in year to reflect final allocations. Certain schemes can go ahead as these are either fully funded by grant or have the necessary mainstream match funding already approved. If grant or mainstream funding is unavailable then the scheme will not go ahead.

Table 13: Externally Funded Capital Programme 2023/24 by Directorate

Directorate	**Government Funding £m**	**Third Party / External* £m**	**Total Funding £m**
Adult Social Care, Public Health and Hub	0.00	0.00	0.00
Children's, Education and Customer Engagement	54.02	0.00	54.02
Economy, Environment and Communities	17.42	0.05	17.47
Resources and Transformation	15.50	23.57	39.07
Centrally held budgets	0.00	0.00	0.00
Total Externally Funded Capital	**86.94**	**23.62**	**110.56**

**Walsall is Accountable Body for Growth Deal, Towns Deal and Land & Property Investment Fund*

Leasing Programme

The 2023/24 leasing programme totals £1.48m, summarised in **Table 14** below. Leasing minimises the call on capital resources by spreading the acquisition cost over a number of years. Revenue funds are required to finance operating leases, and are included in the revenue budget.

Table 14: Leasing Programme	**Capital £m**	**Revenue £m**
Equipment	0.00	0.01
Light Commercial vehicles	1.38	0.60
Refuse Vehicles	3.00	0.59
Tractors & Agricultural Implements	0.48	0.27
Welfare vehicles	0.47	0.01
	5.33	**1.48**

There is expected to be a carry forward from 2022/23 which is dependent on timings on acquisition of vehicles.

4. Medium term financial outlook – 2024/25 onwards

Revenue

Key sources of funding, in particular fees and charges, government core grant and specific grants are assessed on a regular basis, along with emerging cost pressures. The focus is on forward planning to ensure financial risk is managed and mitigated and all known liabilities are funded, including the cost of capital investment decisions.

As referred to in section 2, Walsall Council, via the West Midlands Combined Authority, has been designated a pilot for the 100% business rates retention scheme, which has been confirmed to continue into 2023/24.

The provisional settlement for 2023/24 confirmed that the Government will not proceed with the implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and Business Rates Reforms during 2023/24. A review of the scheme by government to amend the % of retained business rates from 49% to 75% was due to be finalised by 2020/21 but was abandoned in November 2021 as it went against the governments levelling up agenda and it was announced that they would look at introducing a new mechanism for redistributing funding to the authorities most in need. This has still to be introduced and although there will not be any changes for 2023/24 this initiative is still on the governments agenda and could be introduced from 2024/25.

The government expects national increases in growth in business rate yields to fully offset any reduction in future core funding. The reality is that Walsall, due to its relative need and business rate yield, may not be able to fully cover funding shortfalls, if they arise from 2024/25 onwards. This is potentially exacerbated further by the ongoing impact of the pandemic and on cost of living increases. Assumptions have been made in our medium term financial outlook around overall changes to government spending for this period, along with known cost reductions and pressures.

The last Spending Review (SR21) was in October 2021 which set out the economic forecast and departmental budgets for the three year period 2022/23 to 2024/25. We have not received any indication as to when the next Spending Review is likely to be for the period from 2024/25 and beyond, therefore ongoing funding allocations still remain uncertain.

A balanced budget is reported for 2023/24, with savings of £15.71m to be delivered through Proud. An indicative balanced budget is also reported for 2024/25 with a savings requirement of £8.10m, with a further c£30.52m of savings required over the period 2025/26 to 2026/27. All proposed savings from 2024/25 are subject to full delivery plans.

This budget provides the council with a sound opportunity to plan ahead and seek to rebalance the budget to deliver its Council Plan priorities, and allows it flexibility to adapt to an ever changing climate.

As referred to in Section 2, further details on Proud work streams and current activity are shown in **Annex 6.**

Annex 4 outlines indicative cash limits by directorate and the required phasing of implementation of Proud change initiatives to deliver a balanced budget over the period to 2026/27, summarised in **Table 15**.

Table 15 : Revenue cash limits by directorate				
Directorate	Indicative 2023/24 £m	Indicative 2024/25 £m	Indicative 2025/26 £m	Indicative 2026/27 £m
Adult Social Care, Public Health and Hub	69.50	71.83	74.49	75.26
Children's, Education and Customer Engagement	88.72	92.01	95.21	98.05
Economy and Environment	46.66	47.63	48.14	48.73
Resources and Transformation	37.84	38.89	39.68	39.76
Net Portfolio Cash Limits	**242.71**	**250.37**	**257.52**	**261.79**
Levies	11.70	11.96	12.66	12.91
Central budgets *	(110.25)	(112.84)	(116.66)	(117.07)
Council Tax Requirement	**144.16**	**149.49**	**153.51**	**157.63**

**Central budgets includes direct Government funding and business rates.*

Directors continue to work on the delivery plans for these future opportunities, but a projection of likely work theme opportunities to be taken forward which will significantly contribute to the savings requirement over the next three years is shown in **table 16** below. Additional work in identifying further options for Members consideration, including a full review of the services the council provides and benchmarking will be included in a future report to Cabinet, outlining further options to balance the budget beyond 2024/25. For 2024/25, a prudent £5m has been included in the list of savings at Annex 7 (saving OP67).

Table 16: Future Benefits by Theme				
Workstream / Theme	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Income Generation & Cost Recovery	(3.00)	(2.00)	(2.00)	(7.00)
Enabling Support Services including Assets	(1.00)	(1.00)	(1.00)	(3.00)
Third Party Spend	(3.00)	(2.00)	(2.00)	(7.00)
Enabling Technology	(0.50)	(0.50)	(0.50)	(1.50)
Customer Access Management	(2.00)	(1.50)	(1.50)	(5.00)
Partnerships	0.00	(0.50)	(1.00)	(1.50)
Total Future Benefits	**(9.50)**	**(7.50)**	**(8.00)**	**(25.00)**

Capital

Capital programme resources are limited. The financing for capital expenditure on new investments is heavily reliant on grants and other funding received from the Government. The Government is clearly, in the medium term, planning to significantly reduce government financed capital spending.

The remaining flexibility is currently through capital receipts and borrowing. Capital receipts projections however are limited, and fully dependent on when council assets are sold. Earmarking of capital receipts beyond what we are statutorily obliged to do is not recommended without overall strategic consideration of the entire capital programme. Use of unsupported borrowing incurs ongoing revenue debt charges and impacts on council tax payers.

Capital allocations and grants from government and other sources have not yet been published, therefore best estimates have been used, based on published information to date. Any further reduction in funding will require amendments to the programme.

Despite the above difficulties, significant investment is planned and funded over the four years 2023/24 to 2026/27. The capital programme is balanced for 2023/24. The council is able to fund all existing commitments and has, through prioritisation of bids and resources and sound treasury management, been able to support new investment into key services, and areas of capital investment need.

The list of capital schemes included in the capital programme for 2023/24 to 2026/27 are shown in **Annex 9**. **Table 17** shows the capital programme against predicted available resources. **Table 18** summarises the capital programme by directorate, and **Table 19** by council outcome.

Table 17 : Capital Programme

Anticipated Capital Resources	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Council resources as shown in **table 11**	110.45	65.75	23.51	10.05	209.76
External Funding	110.56	51.54	25.49	18.10	205.69
Total capital resources	**221.01**	**117.29**	**49.00**	**28.15**	**415.45**
Capital Schemes					
Rolling Programme Schemes	5.17	4.65	4.65	4.65	19.11
Prior Year Approvals	43.13	23.89	5.86	0.68	73.56
Development Investment*	53.89	34.82	10.45	2.44	101.60
New capital allocations	8.26	2.39	2.55	2.29	15.50
Total council funded schemes	**110.45**	**65.75**	**23.51**	**10.05**	**209.76**
Externally funded schemes	110.56	51.54	25.49	18.10	205.68
Total capital programme	**221.01**	**117.29**	**49.00**	**28.15**	**415.45**
Funding shortfall (surplus)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

** subject to a full business case being approved by Cabinet.*

Table 18 : Capital Programme by directorate

Directorate	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Adult Social Care, Public Health and Hub	0.00	0.00	0.00	0.00	0.00
Children's, Education and Customer Engagement	56.58	14.17	13.95	13.95	98.65
Economy, Environment and Communities	75.02	61.02	17.54	9.87	163.45
Resources and Transformation	64.24	19.34	10.84	1.46	95.88
Centrally held budgets *	25.18	22.76	6.66	2.87	57.47
Capital Programme by directorate	**221.01**	**117.29**	**49.00**	**28.15**	**415.45**

**Centrally held relates to an annual allocation of £1m funding to support essential works, including health* *and safety e.g. LSVT retained housing land, asbestos removal, statutory testing, legionella, fire risk, demolition of redundant buildings, planned maintenance, risk management and self- insured property damage, and an annual allocation of £500k for minor capital works. A further £4m is carried forward from 2022/23 for Flexible use of Capital Receipts, along with £47m over four years is set aside for unallocated pipeline development investment opportunities/contingency, which will be allocated in year subject to a full business case being approved by Cabinet.*

Table 19 : Capital Programme by Outcome					
Outcome	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	113.74	86.73	29.79	11.07	241.33
Education, training and skills enable people to contribute to their community and our economy	0.00	0.00	0.00	0.00	0.00
People can access support in their community to keep safe and well and remain independent at home	7.04	4.69	4.69	4.69	21.11
People are supported to maintain or improve their health, wellbeing and quality of life	2.51	2.02	1.76	1.02	7.31
We get things right, first time and make all services accessible and easy to use	0.00	0.00	0.00	0.00	0.00
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	26.17	4.27	3.20	1.81	35.46
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	49.18	9.26	9.26	9.26	76.97
Children and young people grow up in connected communities and feel safe everywhere	0.36	0.21	0.00	0.00	0.57
Our communities will be more resilient and supportive of each other	0.58	0.00	0.00	0.00	0.58
The people of Walsall feel safe in a cleaner, greener Borough	21.43	10.09	0.30	0.30	32.12
Capital Programme by Outcome	**221.01**	**117.29**	**49.00**	**28.15**	**415.45**

Part 1 Annex 1: Summary of Corporate Revenue Budget 2023/24 by Directorate

DIRECTORATE	2022/23 REVISED FORECAST £	BASE BUDGET ADJUSTMENTS £	INVESTMENT AND PRESSURES (Annex 5) £	INDICATIVE SAVINGS * (Annex 7) £	2023/24 FORECAST BUDGET £
Adult Social Care, Public Health & Hub	**62,710,357**	(4,214,816)	13,047,767	(2,045,832)	**69,497,476**
Children's, Education & Customer Engagement	**73,062,965**	238,099	18,828,750	(3,413,160)	**88,716,654**
Economy, Environment & Communities	**47,216,213**	(813,842)	3,448,523	(3,191,264)	**46,659,630**
Resources & Transformation	**35,719,754**	(143,776)	3,955,564	(1,694,998)	**37,836,544**
TOTAL SERVICES	**218,709,289**	**(4,934,335)**	**39,280,604**	**(10,345,254)**	**242,710,304**
Non-service specific prudence/central items/capital financing	**(80,974,239)**	(36,838,709)	9,262,096	(5,367,500)	**(113,918,352)**
Levies: West Midlands Combined Authority Transport Levy	**11,411,844**	0	202,356	0	**11,614,200**
Environment Agency	**85,178**	0	0	0	**85,178**
NET REVENUE EXPENDITURE	**149,232,072**	**(41,773,044)**	**48,745,056**	**(15,712,754)**	**140,491,330**
(Use of)/contribution to reserves	(10,806,823)	14,478,535	0	0	3,671,712
TOTAL COUNCIL TAX REQUIREMENT	**138,425,249**	**(27,294,509)**	**48,745,056**	**(15,712,754)**	**144,163,042**

* Indicative savings based on the current Proud change delivery plan which is subject to review in year as the pace of change in confirmed.

Part 1 Annex 2: Summary of Corporate Revenue Budget 2023/24 by Outcome

OUTCOME	2022/23 REVISED FORECAST £	BASE BUDGET ADJUSTMENTS £	INVESTMENT AND PRESSURES (Annex 5) £	INDICATIVE SAVINGS* (Annex 7) £	2023/24 FORECAST BUDGET £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	**17,350,884**	(221,308)	841,819	(1,245,785)	**16,725,610**
Education, training and skills enable people to contribute to their community and our economy	**3,178,498**	(6,137)	175,112	(761)	**3,346,712**
People can access support in their community to keep safe and well and remain independent at home	**2,013,277**	(4,537)	155,040	(250,787)	**1,912,993**
People are supported to maintain or improve their health, wellbeing and quality of life	**61,159,424**	(4,630,427)	12,797,375	(2,289,538)	**67,036,834**
We get things right, first time and make all services accessible and easy to use	**1,705,785**	494,548	828,114	(573,646)	**2,454,801**
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	**(40,832,691)**	(22,499,874)	14,162,278	(7,062,498)	**(56,232,785)**
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	**17,363,146**	(250,133)	1,694,988	(396,000)	**18,412,001**
Children and young people grow up in connected communities and feel safe everywhere	**51,396,722**	0	16,189,014	(2,286,373)	**65,299,363**
Our communities will be more resilient and supportive of each other	**2,158,473**	68,354	423,999	0	**2,650,826**
The people of Walsall feel safe in a cleaner, greener Borough	**22,931,731**	(244,995)	1,477,317	(1,607,366)	**22,556,687**
TOTAL COUNCIL TAX REQUIREMENT	**138,425,249**	**(27,294,509)**	**48,745,056**	**(15,712,754)**	**144,163,042**

* Indicative savings based on the current Proud change delivery plan which is subject to review in year as the pace of change in confirmed.

Part 1 Annex 3: Council Tax Data 2023/24

1. COUNCIL TAX EXCLUDING PRECEPTS (WALSALL COUNCIL ONLY)
A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (67% of Properties)

BAND	WEIGHT	2022/23 C.TAX	2023/24 C.TAX	ANNUAL CHANGE	OF WHICH ASC RELATED	ANNUAL INCREASE	WEEKLY INCREASE	DAILY INCREASE
		£	£	£	£	%	£	£
A	6/9	**1,285.23**	**1,323.65**	38.43	0.00	2.99%	0.74	0.11
B	7/9	**1,499.43**	**1,544.26**	44.83	0.00	2.99%	0.86	0.12
C	8/9	**1,713.63**	**1,764.87**	51.24	0.00	2.99%	0.98	0.14
D	**9/9**	**1,927.84**	**1,985.48**	**57.64**	0.00	**2.99%**	**1.11**	**0.16**
E	11/9	**2,356.25**	**2,426.70**	70.45	0.00	2.99%	1.35	0.19
F	13/9	**2,784.66**	**2,867.92**	83.26	0.00	2.99%	1.60	0.23
G	15/9	**3,213.06**	**3,309.13**	96.07	0.00	2.99%	1.84	0.26
H	18/9	**3,855.68**	**3,970.96**	115.28	0.00	2.99%	2.21	0.32

2. OVERALL COUNCIL TAX INCLUSIVE OF PRECEPTS
A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (66% of Properties)

				ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
BAND	WEIGHT	2022/23 TOTAL C.TAX	2023/24 WMBC C.TAX	2023/24 FIRE PRECEPT	2023/24 POLICE PRECEPT	2023/24 TOTAL C.TAX
		£	£	£	£	£
A	6/9	**1,455.61**	**1,323.65**	48.68	135.03	**1,507.36**
B	7/9	**1,698.21**	**1,544.26**	56.79	157.54	**1,758.59**
C	8/9	**1,940.81**	**1,764.87**	64.90	180.04	**2,009.81**
D	**9/9**	**2,183.42**	**1,985.48**	**73.02**	**202.55**	**2,261.05**
E	11/9	**2,668.62**	**2,426.70**	89.24	247.56	**2,763.50**
F	13/9	**3,153.83**	**2,867.92**	105.47	292.57	**3,265.96**
G	15/9	**3,639.02**	**3,309.13**	121.69	337.58	**3,768.40**
H	18/9	**4,366.83**	**3,970.96**	146.03	405.10	**4,522.09**

B. LEVELS FOR PROPERTIES WITH ONE RESIDENT (25% DISCOUNT) (34% of Properties)

				ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
BAND	**WEIGHT**	**2022/23 TOTAL C.TAX**	**2023/24 WMBC C.TAX**	**2023/24 FIRE PRECEPT**	**2023/24 POLICE PRECEPT**	**2023/24 TOTAL C.TAX**
		£		£	£	£
A	6/9	1,091.71	992.74	36.51	101.28	**1,130.53**
B	7/9	1,273.66	1,158.20	42.60	118.15	**1,318.95**
C	8/9	1,455.61	1,323.65	48.68	135.03	**1,507.37**
D	**9/9**	**1,637.57**	**1,489.11**	**54.77**	**151.91**	**1,695.79**
E	11/9	2,001.47	1,820.02	66.94	185.67	**2,072.63**
F	13/9	2,365.37	2,150.94	79.11	219.43	**2,449.47**
G	15/9	2,729.27	2,481.85	91.28	253.19	**2,826.31**
H	18/9	3,275.12	2,978.22	109.53	303.83	**3,391.58**

3. SPREAD OF PROPERTIES

The proportion of properties within Walsall MBC within each Council Tax band at 1st December 2022 is as follows:

BAND	A	B	C	D	E	F	G	H	TOTAL
PROPERTIES (No)	**51,204**	**27,444**	**18,729**	**10,405**	**5,583**	**2,379**	**831**	**53**	**116,628**
PROPERTIES (%)	**43.90**	**23.53**	**16.06**	**8.92**	**4.79**	**2.04**	**0.71**	**0.05**	**100**
CUMULATIVE TOTALS	**67.43** (A–B)								
	83.49 (A–C)								
	92.41 (A–D)								

Part 1 Annex 4 : Revenue Cash Limit 2023/24 to 2026/27 by Directorate

This annex outlines the indicative cash limits by directorate, including portfolio responsibilities. These will be updated in year to reflect any movement in directorate/portfolio responsibilities. Savings plans for 2024/25 onwards will be realigned to services when agreed.

1. Adult Social Care, Public Health and Hub Directorate

- ***Adult Social Care Portfolio***
  Care services for older people and people with learning disabilities, people with physical disabilities and people with mental health needs, health partnership, commissioning and CCG/health interface lead supporting people, protection for vulnerable adults, transition arrangements between Children's and Adult Social Care.
- ***Health and Wellbeing Portfolio***
  Public Health functions and activities including commissioning services that affect the long term health of residents. Health protection for local outbreak management, infection prevention and control, immunisation. Healthy Spaces. Mental and emotional wellbeing. Chair of Health & Wellbeing Board.
- ***Leader of the Council Portfolio***
  Overall responsibility for Council strategy, the Council Plan, communications and public relations, government relations and liaison with local MPs and West Midlands leaders, Business Insights (intelligence), Policy and Strategy Unit.
- ***Internal Services Portfolio***
  Procurement.
- ***Resilient Communities Portfolio***
  Engagement and consultation.

	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Opening cash limit	62,710,357	69,497,476	71,833,999	74,485,174
Base budget adjustments				
- Fall out of one off investment - Single handed review	0	(137,000)	(137,000)	0
- Public Health grant	(576,820)	(379,585)	(387,177)	(394,920)
- Market Sustainability grant	(2,386,374)	(1,688,360)	0	0
- Hospital Discharge grant	(1,988,154)	(1,325,436)	0	0
- Independent Living Fund income removed	808,399	0	0	0
- Vacancy management adjustment	(71,867)	0	0	0
Investment / Pressures – see Annex 5	13,047,767	6,279,957	3,175,352	1,168,524
Less Proposed Savings Plans – see Annex 7	(2,045,832)	(413,053)	0	0
Adult Social Care, Public Health and Hub draft cash limit	**69,497,476**	**71,833,999**	**74,485,174**	**75,258,778**

2. ***Children's, Education and Customer Engagement Directorate***

- ***Children's Portfolio***
  Services for children in need of help and protection, children looked after and care leavers, early help, involvement of children and young people, transition arrangements between Children's and Adult Social Care, Walsall Children's Safeguarding Board and Chair of Corporate Parenting Board.
- ***Education and Skills Portfolio***
  Schools and education services, interagency cooperation, involvement of children and young people, special educational needs, disabilities and inclusion. Adult learning.
- ***Customer Portfolio***
  Customer Experience Centre, Customer Access Management, Revenues and Benefits, Housing and Welfare, Housing Standards and Improvement, Migrant Support.

	2023/24 **£**	**2024/25** **£**	**2025/26** **£**	**2026/27** **£**
Opening cash limit	73,062,965	88,716,654	92,009,003	95,211,324
Base budget adjustments				
- Home to school transport - action plan funding	(250,000)	0	0	0
- Vacancy management adjustment	(19,013)	0	0	0
- Removal of council tax admin grant rolled into funding	507,112	22,701	21,566	20,000
Investment / Pressures – see Annex 5	18,828,750	5,002,044	4,024,755	3,658,493
Less Proposed Savings Plans – see Annex 7	(3,413,160)	(1,732,396)	(844,000)	(844,000)
Children's, Education and Customer Engagement draft cash limit	**88,716,654**	**92,009,003**	**95,211,324**	**98,045,817**

Children's Services	84,251,351	86,974,851	90,111,766	92,886,259
Customer Engagement	4,465,303	5,034,152	5,099,558	5,159,558
Children's, Education and Customer Engagement draft cash limit	**88,716,654**	**92,009,003**	**95,211,324**	**98,045,817**

3. ***Economy, Environment and Communities Directorate***

- ***Leader of the Council Portfolio***
  Emergency planning, West Midlands Combined Authority, Association of Black Country Authorities and Black Country Joint Committee.
- ***Clean and Green/Transport Portfolio***
  Gateways and corridors, pollution control, waste strategy, refuse collection, recycling, street cleaning, parks (maintenance) and the council's vehicle fleet.
- ***Regeneration Portfolio***
  Economic development, physical development, markets, town and district centres, planning policy. Strategic housing role. Traffic and transportation, car parks, strategic transport and highways.
- ***Resilient Communities Portfolio***
  Resilient Communities including Locality co-ordination, community development, community associations, voluntary and community sectors, Community Safety, community cohesion, Safer Walsall Partnership, public protection. Leisure and culture services including the New Art Gallery, libraries, sports and museums, Cemeteries and crematoria.

	2023/24 £	**2024/25 £**	**2025/26 £**	**2026/27 £**
Opening cash limit	47,216,213	46,659,630	47,631,561	48,136,561
Base budget adjustments				
Fall out of one off covid-19 related investment				
- loss of income Active Living Centres	(412,703)	0	0	0
- waste disposal	(250,000)	(285,000)	0	0
- penalties for co-mingled waste	(35,000)	(35,000)	0	0
- loss of car parks income	(162,000)	0	0	0
Fall out of one off savings				
- Regeneration & Economy holding of vacancies	260,193	0	0	0
- Resilient Communities voter ID	75,000	(75,000)	0	0
- Use of unallocated bus lane and parking reserve	55,086	0	0	0
- Holding of posts in Resilience Unit	20,000	0	0	0
- Additional vacancy management to freeze non essential posts involved in restructure	20,952	0	0	0
- One off use of section 38 income	30,000	0	0	0
Other changes				
- Town Centre officer post funded by Public Health	0	(86,315)	0	0
- One off use of car park enforcement reserve	(400,281)	400,281	0	0
- NI adjustment for split coded posts	7,659	0	0	0
- Vacancy management adjustment	(22,748)	0	0	0
Investment / Pressures – see Annex 5	3,448,523	1,414,315	515,000	590,000
Less Proposed Savings Plans – see Annex 7	(3,191,264)	(361,350)	(10,000)	0
Economy, Environment and Communities draft cash limit	**46,659,630**	**47,631,561**	**48,136,561**	**48,726,561**

4. Resources and Transformation Directorate

- ***Leader of the Council Portfolio***
  Proud Way of Working, Transformation and Digital (including Information Governance), Finance (including payroll and pensions, insurance, risk management, policy led budgeting and MTFO, Financial Regulations, Audit, Counter Fraud and Corruption, Treasury Management, Financial Systems, External Funding), Legal and Democratic Services, Performance, Member Development, Governance.
- ***Internal Services Portfolio***
  HR, Organisational Development, Learning and Development, Workforce Equalities, Corporate Landlord (including facilities and general asset management, catering, cleaning, caretaking), Administration and Business Support, Workforce.
- ***Regeneration Portfolio***
  Property and strategic asset management, Black Country Consortium, sub regional regeneration issues, local development framework, business liaison, programme delivery.

	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Opening cash limit	35,719,754	37,836,544	38,890,456	39,682,738
Base budget adjustments				
- Fall out of one off Covid-19 investment - loss of income for box office events	(6,080)	0	0	0
- Towns Deal contribution	0	0	41,882	42,929
- Document retention records officer post	40,606	0	0	0
- Iron Mountain licensing costs	15,900	0	0	0
- Vacancy management adjustment	(109,304)	0	0	0
- Adjustment for finance investment	(84,898)	0	0	0
Investment / Pressures – see Annex 5	3,955,564	1,647,951	750,400	31,520
Less Proposed Savings Plans – see Annex 7	(1,694,998)	(594,039)	0	0
Resources and Transformation draft cash limit	**37,836,544**	**38,890,456**	**39,682,738**	**39,757,187**

5. Central / Capital Financing

	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Opening cash limit	(80,284,040)	(98,547,262)	(100,869,075)	(104,002,110)
Base budget adjustments				
Fall out of one off investment				
- Proud	(2,000,000)	0	0	0
- Covid-19 income losses	(1,000,000)	0	0	0
- other covid related	(2,942,014)	0	0	0
- Social Care investment returned	(1,829,987)	0	0	0
Funding changes				
- NNDR baseline	(13,579,397)	(7,120,619)	(1,666,508)	(1,703,070)
- Top up grant	(1,809,087)	(408,950)	(417,129)	(425,471)
- NNDR section 31 grant	(6,385,516)	1,881,761	(343,683)	(350,556)
- Social Care support grant	(9,283,643)	(3,856,394)	0	0
- Services grant	2,249,756	0	0	0
- New Homes Bonus	440,238	10,150	0	0
- Lower Tier Services grant	471,526	0	0	0
Other changes				
- payment on plan domiciliary care capacity issues	23,851	0	0	0
- Reduction in demand contingency	(162,000)	0	0	0
- Combined Authority growth contribution	109,500	109,500	109,500	109,500
- Collection fund surplus	(936,049)	1,217,816	0	0
- Changes ro reserves	14,478,535	(4,080,374)	637,000	500,000
- Vacancy management adjustment	222,932	0	0	0
- NI adjustment for split coded posts	(7,659)	0	0	0
- Adjustment for finance investment	84,898	0	0	0
- Combined Authority Shared Prosperity Fund	496,226	(496,226)	0	0
- Capital Financing mimimum revenue provision	191,000	2,550,000	0	0
- Capital Financing	0	(2,192,888)	0	0
- Covid-19/risks	0	(1,011,203)	0	0
- Headroom	706,716	0	0	0
- Revenue implications of business change	1,000,000	0	0	0
- Cabinet pledges	500,000	0	0	0
- Reduction in past pension costs	(3,400,000)	0	0	0
Investment / Pressures – see Annex 5	9,464,452	16,075,614	10,924,835	10,066,121
Less Proposed Savings Plans – see Annex 7 (Customer savings centrally held)	(5,367,500)	(5,000,000)	0	0
Savings yet to be identified	0	0	(12,377,050)	(8,350,621)
Central / Capital Financing draft cash limit	**(98,547,262)**	**(100,869,075)**	**(104,002,110)**	**(104,156,208)**

Part 1 Annex 5 : Summary of New Growth and Investment 2023/24 – 2026/27 aligned to Outcomes

Directorate	Ref No	Details of Growth by outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place							
Economy, Environment & Communities	1	Funding of the delivery and development team following the fall out of grant funding (Economic growth programme) which ceases from March 2023 but can be contained from reserves for 2023/24	0	1,013,000	0	0	1,013,000
	2	Town Centre Officer post - to support the regeneration of the high street - funded from Public Health Grant	0	86,315	0	0	86,315
	33 pt	Pay and pension changes	335,771	0	0	0	335,771
	52a	Economy,Environment and Communities contractual inflation	502,624	295,640	295,640	295,640	1,389,544
Resources & Transformation	3	Funding of the Programme Management team following the fall out of grant funding (Economic growth programme) which ceases from March 2023 but can be contained from reserves for 2023/24	0	885,150	0	0	885,150
	4	Black country consortium annual subscription - previously funded from external funding which ceases 31 March 2023 but funded from reserves for 1 year.	0	90,000	0	0	90,000
	33 pt	Pay and pension changes	3,424	0	0	0	3,424
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**841,819**	**2,370,105**	**295,640**	**295,640**	**3,803,204**
Education, training and skills enable people to contribute to their community and our economy							
Adult Social Care, Public Health & Hub	33 pt	Pay and pension changes	9,940	0	0	0	9,940
Economy, Environment & Communities	6	Add capacity to support Collections, Library and Archive Service	27,500	0	0	0	27,500
	33 pt	Pay and pension changes	137,672	0	0	0	137,672
Total Education, training and skills enable people to contribute to their community and our economy			**175,112**	**0**	**0**	**0**	**175,112**
People can access support in their community to keep safe and well and remain independent at home							
Adult Social Care, Public Health & Hub	33 pt	Pay and pension changes	(2,576)	0	0	0	(2,576)

Directorate	Ref No	Details of Growth by outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Children's, Education & Customer Engagement	7	Crisis support - to support Walsall residents in crisis	0	500,000	0	0	500,000
	33 pt	Pay and pension changes	142,256	0	0	0	142,256
Economy, Environment & Communities	33 pt	Pay and pension changes	15,360	0	0	0	15,360
Total People can access support in their community to keep safe and well and remain independent at home			**155,040**	**500,000**	**0**	**0**	**655,040**
People are supported to maintain or improve their health, wellbeing and quality of life							
Adult Social Care, Public Health & Hub	9	Social Care increase in demand pressures	4,884,180	371,862	371,862	371,862	5,999,766
	10	Contract price uplift (for under 65's not covered by Fair Cost of Care)	1,675,785	523,855	534,332	545,018	3,278,990
	11	Better Care Funding iBCF2 fall out of grant funding in 2025/26	0	0	2,023,652	0	2,023,652
	12	Direct Payments - to cover reduction in refund income	153,000	0	0	0	153,000
	13	Adult Social Care contractual inflation based on RPXI - Housing 21	1,125,768	(293,450)	245,506	251,644	1,329,468
	14	A preparing for adulthood service - capacity to support statutory functions across 14/18-25 year olds and meet the transition needs of all young people	256,126	0	0	0	256,126
	15	Hospital discharge - fully funded from grant	1,988,154	1,325,436	0	0	3,313,590
	33 pt	Pay and pension changes	776,389	0	0	0	776,389
	37	Social Care grant funding expenditure - held centrally to be used for Adults & childrens pressures. If grant is less, then investment will be reduced to match the grant	763,339	3,856,394	0	0	4,619,733
	56	Market Sustainability & Improvement Fund held centrally	710,589	495,860	0	0	1,206,449
Children's, Education & Customer Engagement	33 pt	Pay and pension changes	2,195	0	0	0	2,195
Economy, Environment & Communities	16	Leisure services income shortfall - on-going impact of the pandemic (one-off)	150,000	(150,000)	0	0	0
	33 pt	Pay and pension changes	266,436	0	0	0	266,436
	52b	Economy,Environment and Communities contractual inflation	7,540	7,540	7,540	7,540	30,160
Resources & Transformation	33 pt	Pay and pension changes	37,874	0	0	0	37,874
Total People are supported to maintain or improve their health, wellbeing and quality of life			**12,797,375**	**6,137,497**	**3,182,892**	**1,176,064**	**23,293,828**

Directorate	Ref No	Details of Growth by outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
We get things right, first time and make all services accessible and easy to use							
Children's, Education & Customer Engagement	**8**	Walsall Connect Programme - to support the voluntary and community sectors to deliver services in the local communities	375,000	0	0	0	375,000
	17	Reduction in housing benefit admin grant	48,677	46,148	43,840	40,000	178,665
	33 pt	Pay and pension changes	342,973	0	0	0	342,973
Economy, Environment & Communities	**33 pt**	Pay and pension changes	60,324	0	0	0	60,324
	52c	Economy,Environment and Communities contractual inflation	1,140	1,140	1,140	1,140	4,560
Total We get things right, first time and make all services accessible and easy to use			**828,114**	**47,288**	**44,980**	**41,140**	**961,522**
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring							
Adult Social Care, Public Health & Hub	**19**	Hub investment linked to HUBS work stream activity	566,000	0	0	0	566,000
	33 pt	Pay and pension changes	141,073	0	0	0	141,073
Children's, Education & Customer Engagement	**33 pt**	Pay and pension changes	32,607	0	0	0	32,607
Economy, Environment & Communities	**20**	Additional capacity to deliver equalities training	15,000	0	0	0	15,000
	33 pt	Pay and pension changes	3,880	0	0	0	3,880
	48	Interpretation, Translation and Transcription - communication in alternative formats to ensure improved accessibility for customers	25,000	0	0	0	25,000
Resources & Transformation	**21**	Cloud / Microsoft licences and infrastructure costs	874,000	55,000	750,400	31,520	1,710,920
	22	Review of and redesign of legal services	423,000	0	0	0	423,000
	23	Additional capacity for Finance strategic partnering (linked to saving OP29)	0	276,039	0	0	276,039
	24	Develop in house capacity within the Applications and Digital Team in order to meet increasing demands on the service	333,382	308,762	0	0	642,144
	25	Growth and pro active use of Organisational Development function including Human Resources Business Partners	248,699	0	0	0	248,699
	26	Additional capacity to support the Children's Family Safeguarding Model	168,842	0	0	0	168,842
	27	Elections restructure and additional capacity to meet the requirements of the new Elections Act 2022	89,739	0	0	0	89,739
	28	Investment in strategic / higher level Financial Transactions management capacity	75,000	0	0	0	75,000
	33 pt	Pay and pension changes	1,701,604	0	0	0	1,701,604

Directorate	Ref No	Details of Growth by outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Central / Capital Financing	29	Capital financing / Minimum Revenue Provision review	2,502,870	1,202,650	(133,042)	600,000	4,172,478
	30	Revenue implications of capital programme	0	250,000	250,000	250,000	750,000
	31	Energy	1,000,000	(600,000)	0	0	400,000
	32	Connected working - Proud work stream activity to drive change within the organisation	246,000	0	0	0	246,000
	33	Pay / pension provision	4,101,266	8,490,162	8,602,419	7,473,914	28,667,760
	34	Combined Authority contribution for Metro	202,356	232,802	705,458	242,207	1,382,823
	35	Cost of living / demand provision	1,321,960	6,500,000	1,500,000	1,500,000	10,821,960
	36	External audit fee increase	90,000	0	0	0	90,000
Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring			**14,162,278**	**16,715,415**	**11,675,235**	**10,097,641**	**52,650,568**
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential							
Children's, Education & Customer Engagement	5	Increase in demand for Home to school transport	1,095,861	841,977	1,191,977	1,000,000	4,129,815
	33 pt	Pay and pension changes	80,348	0	0	0	80,348
	43	Additional capacity within Education Health and Care Plan Assessments due to increase in demand	302,020	0	0	0	302,020
	44	Capacity to cover additional responsibility on the local authority for elective home education and admission appeals and attendance responsibilities introduced in new legislation.	181,411	0	0	0	181,411
	45	Reduction in traded services attendance income target due to schools directly employing their own staff in response to the new requirements of the school attendance procedures and bill	36,388	36,387	36,387	36,387	145,549
Economy, Environment & Communities	33 pt	Pay and pension changes	(1,040)	0	0	0	(1,040)
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			**1,694,988**	**878,364**	**1,228,364**	**1,036,387**	**4,838,103**
Children and young people grow up in connected communities and feel safe everywhere							
Children's, Education & Customer Engagement	33 pt	Pay and pension changes	1,370,103	0	0	0	1,370,103
	38	Additional children in care demand / cost pressures	10,786,348	2,460,336	2,583,751	2,351,106	18,181,541
	39	Foster care / Special Guardianship Order allowances and proposed change to current fostering fees	570,602	111,800	113,800	116,000	912,202
	40	Increase in social workers pay (full year impact of 2022/23 investment)	131,000	12,000	0	0	143,000
	41	Additional social workers and training for foster carers to support increase in foster care placements (linked to savings OP45 & OP51)	78,000	105,000	55,000	115,000	353,000

Directorate	Ref No	Details of Growth by outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Children's, Education & Customer Engagement	42	Additional capacity within internal residential services and high cost external placements (linked to reducing high cost placement costs)	92,000	0	0	0	92,000
	46	Additional capacity to deliver Special Guardianship Orders due to increased demand	140,961	0	0	0	140,961
	47	Removal of saving OP50 due to legislation changes - Development of locality partnership offer in Early Help .	0	888,396	0	0	888,396
	57	Increase in children in care placement costs held centrally	2,900,000	0	0	0	2,900,000
	58	Multi Agency Safeguarding Hub - 2 additional social workers	120,000	0	0	0	120,000
Total Children and young people grow up in connected communities and feel safe everywhere			**16,189,014**	**3,577,532**	**2,752,551**	**2,582,106**	**25,101,203**
Our communities will be more resilient and supportive of each other							
Economy, Environment & Communities	33 pt	Pay and pension changes	78,999	0	0	0	78,999
	49	Community Cohesion communication and partnership - to manage demand for social cohesion and integration	150,000	0	0	0	150,000
	50	Additional capacity to cover growing demand to build capacity in Community Association's network to implement the CXS (Walsall Connected)	40,000	0	0	0	40,000
	51	Capacity within Making Connections Walsall to ensure residents have access to local support to reduce their loneliness and isolation	155,000	0	0	0	155,000
Total Our communities will be more resilient and supportive of each other			**423,999**	**0**	**0**	**0**	**423,999**
The people of Walsall feel safe in a cleaner, greener Borough							
Economy, Environment & Communities	33 pt	Pay and pension changes	816,637	0	0	0	816,637
	52d	Economy,Environment and Communities contractual inflation	285,680	285,680	285,680	285,680	1,142,720
	53	Increase in vehicle fuel costs	275,000	(125,000)	(75,000)	0	75,000
	54	Capacity to support the councils climate change agenda	100,000	0	0	0	100,000
Resources & Transformation	55	Funding of the transport team costs following the fall out of grant funding (Economic growth programme) which ceases from March 2023 but can be contained from reserves for 2023/24	0	33,000	0	0	33,000
Total The people of Walsall feel safe in a cleaner, greener Borough			**1,477,317**	**193,680**	**210,680**	**285,680**	**2,167,357**
Total Growth and investment			**48,745,056**	**30,419,881**	**19,390,342**	**15,514,658**	**114,069,936**

Investment Summary by Outcome

Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	841,819	2,370,105	295,640	295,640	3,803,204
Education, training and skills enable people to contribute to their community and our economy	175,112	0	0	0	175,112
People can access support in their community to keep safe and well and remain independent at home	155,040	500,000	0	0	655,040
People are supported to maintain or improve their health, wellbeing and quality of life	12,797,375	6,137,497	3,182,892	1,176,064	23,293,828
We get things right, first time and make all services accessible and easy to use	828,114	47,288	44,980	41,140	961,522
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	14,162,278	16,715,415	11,675,235	10,097,641	52,650,568
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	1,694,988	878,364	1,228,364	1,036,387	4,838,103
Children and young people grow up in connected communities and feel safe everywhere	16,189,014	3,577,532	2,752,551	2,582,106	25,101,203
Our communities will be more resilient and supportive of each other	423,999	0	0	0	423,999
The people of Walsall feel safe in a cleaner, greener Borough	1,477,317	193,680	210,680	285,680	2,167,357
Total	**48,745,056**	**30,419,881**	**19,390,342**	**15,514,658**	**114,069,936**

Investment Summary by Directorate

Directorate	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Adult Social Care, Public Health and Hub	13,047,767	6,279,957	3,175,352	1,168,524	23,671,600
Children's Services and Customer Engagement:					
- Children's Services	17,919,844	4,455,896	3,980,915	3,618,493	29,975,148
- Customer Engagement	908,906	546,148	43,840	40,000	1,538,894
Economy, Environment and Communities	3,448,523	1,414,315	515,000	590,000	5,967,838
Resources and Transformation	3,955,564	1,647,951	750,400	31,520	6,385,435
Central / Capital Financing	9,464,452	16,075,614	10,924,835	10,066,121	46,531,021
Total	**48,745,056**	**30,419,881**	**19,390,342**	**15,514,658**	**114,069,936**

Part 1 Annex 6: Walsall Proud Work Streams and Activity

1. Enabling Communications and Culture

All organisations, services and staff have cultures and behaviours, good and bad. This work stream looks at how individuals make decisions, initially in the context of staff undertaking and supporting Walsall Proud. It will then implement approaches and processes that will encourage and boost the good, and challenge and change the bad.

Activity includes accelerating ambition, creativity and innovation; creating supporting policies and strategies such as organisational development and an accompanying workforce strategy; support to establish the 'creativity' function; workforce development/training to embed the innovation mind set; specific suppliers to implement new innovations or projects. Leadership coaching and training; workforce development and training; cultural and behavioural analysis and custom-design support.

2. Customer Access and Management (CAM)

This will address the mechanisms available to us to manage a single view of the customer, improve their experience and introduce efficiencies in our ways of interacting with them. Activity includes customer journey mapping; redesign of end-to-end processes; functional and technical support for implementing the new customer management model; staff training.

Improving customer experience is at the heart of Proud, and as such, the council is developing ways of working that will meet service user expectations now and for the future. Working together, the partnership aims to:

- Improve customer experience of interacting with the council
- Reduce unnecessary/failure demand, so employees can focus efforts on service delivery and support our most vulnerable customers
- Increase accessibility, including through the use of digital channels, to make it quicker and more convenient for customers to interact with the council
- Help release staff capacity and financial benefits, by automating more processes and encouraging more customers to utilise digital contact channels
- Improve customer engagement by offering greater personalisation of digital solutions based on customer needs and preferences.

A Customer Experience Centre has been created to improve the effectiveness of customer contact by phone with customer contact for more services transferring to this function in the coming years.

3. Designing the Ways of Working – Hub and Enabling Support Services

Hub
The blueprint for the Council Hub has been developed and has delivered capability for three of the four elements – Strategy and Policy, Business Insights, Communications Marketing & Branding, Commissioning, Procurement and Contract Management (CPCM).

Communications, Marketing and Branding is transitioning into business as usual and focussing on Walsall Council's brand and working closely with the income generation and cost recovery work stream on ensuring the council is maximising its assets. CPCM is at the first stage of recruitment to the senior positions and will see implementation of the function fully formed during 2023 focussing on a strategic approach to commissioning and ensuring we remain focussed on value for money for all procurement activity. Business Insight activity will focus on business intelligence and ensuring decision-making is insight led and the council is responsive to data trends and intelligence. The centralised Policy and Strategy team will ensure that all council initiatives and activity is focussed on delivering on our Council Plan and outcomes for residents and the borough.

The hub will require time to fully embed and staff training to, implement new ways of working; setup bespoke dashboards/visualisations; and progress communications and marketing support.

Enabling & Support Services
Enabling & Support Services support the 'internal customer' of the council and facilitate the activities that allow Walsall Council to operate on a day to day basis. Ensuring these services are efficient and high performing will transform the way Walsall Council delivers services to its residents and create capacity for staff in terms of time efficiencies.

Creation of a centralised Administration and Business Support function has been completed successfully and work has been completed to design the transactional elements of Enabling & Support services with a design for a self-service portal for staff to access information, support, and workflow.

4. Enabling Technology

This work stream underpins and enables technology benefits envisaged throughout Walsall Proud, as well as the overall technology and digital offer for our customers. We are producing a roadmap for our future technology, translating our business strategy into a technological strategy. We are building and testing and will roll out the initial processes for the customer relationship management platform.

Activity includes upgrades and migration of key systems into the cloud moving towards resilience and maintaining the latest versions available. Adoption and innovation of emerging technology i.e., Artificial intelligence, Robotic Process Automation, Chatbot Technology and Data Insights.

CAM technology architecture has been designed and is being implemented. A new telephony service has been provided for the Customer Experience Centre, a new website has been introduced which is easier for customers to use and a number of Clean and Green digital processes have gone live.

The desire continues to develop a single customer record fully integrated with back-office systems; Support to pilot and deliver robotic processes automation in back-office and support services; Hubs - configuration and integration of technology stack to pull data from multiple sources and make accessible dash-boarding visualisations; Support to put in place platforms/workflow that supports performance improvement.

5. Income generation and Cost Recovery

This is focusing on finding ways of boosting our income through the recovery of expenditure across services. Doing this will lead to a greater and more sustainable income for these services and the organisation. Cabinet in September 2020 approved the council's income and commercial policy and corporate debt policy; and approved consultation on a number of new income generating proposals. A revised fees and charges register has been implemented, and a number of business cases are being implemented to support future sustainability of services, such as traded services, adult social care benefits maximisation and charging.

Activity includes review of income generation and cost recovery options, options analysis, and commercialisation. The work stream focus in the coming year will be maximising income through more effective service promotion and advertising, as well as longer-term strategic income generation opportunities for the council.

6. Adult’s Social Care – Continuous Improvement Programme

The Adult's Social CareContinuous Improvement Programme (CIP) is focussed on delivering service transformation plans and outcomes through strength based practice. ASC CIP contains projects and work streams which focus on: facilitating early intervention and prevention, promoting and enabling independence, informed decision making through increased use of data and business insight, utilising our communities and partners, improving our income management of debt and an internal focus on talent management within adult's social care.

CIP has been established, within a “One Council” framework, to support the council in meeting its ambition to modernise ways of working so that the council is more digitally enabled, more flexible, entrepreneurial, and efficient.

Part 1 Annex 7 : Benefits Realisation (Savings) for Proud Change activity by Outcome 2023/24 to 2026/27

A: Summary of Policy Proposals by Outcome 2023/24 to 2026/27

Directorate	Ref No	Detail of Policy Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place							
Economy, Environment & Communities	**P7**	Increase resident and business parking permit charges by 20%	(3,300)	0	0	0	(3,300)
	P9	Part night lighting - reduce energy consumption by 20%	(40,000)	0	0	0	(40,000)
	P12	Parking dispensation charging of £15 per vehicle per day	(19,500)	0	0	0	(19,500)
	P13	Reintroduce staff parking charges – reduction from £45 to £15 per month	(18,000)	0	0	0	(18,000)
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**(80,800)**	**0**	**0**	**0**	**(80,800)**
People can access support in their community to keep safe and well and remain independent at home							
Children's, Education & Customer Engagement	**P2**	Expand the training and materials for the Walsall Connected network, so that digital assistance can be given to residents who need help to access on-line holistic advice tools and offer a reduced grant allocation of £156,800 per annum to Citizen's Advice Sandwell and Walsall, to deliver a face-to-face advice for residents in need of complex welfare benefits advice and tribunal support (thus mitigating the key risks identified in the EQIA).	(88,200)	0	0	0	(88,200)
Total People can access support in their community to keep safe and well and remain independent at home			**(88,200)**	**0**	**0**	**0**	**(88,200)**
People are supported to maintain or improve their health, wellbeing and quality of life							
Economy, Environment & Communities	**P3a**	Outsource Outdoor Pursuits Service to a community group	(12,878)	0	0	0	(12,878)
Total People are supported to maintain or improve their health, wellbeing and quality of life			**(12,878)**	**0**	**0**	**0**	**(12,878)**
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring							
Resources & Transformation	**P3b**	Outsource Outdoor Pursuits Service to a community group - energy element	(10,898)	0	0	0	(10,898)
Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring			**(10,898)**	**0**	**0**	**0**	**(10,898)**
The people of Walsall feel safe in a cleaner, greener Borough							
Economy, Environment & Communities	**P4**	Increase in bulky waste charges from £10 to £30 for up to 3 items, £50 for 4-6 items and £70 for 7-9 items	(136,000)	0	0	0	(136,000)
	P5	Reduce grass cutting frequencies	(40,000)	0	0	0	(40,000)

Directorate	Ref No	Detail of Policy Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Economy, Environment & Communities	P6	Rewilding of all urban grassed areas - to manage public grassed open spaces and verges for biodiversity rather than visual appearance. Most areas would only receive one cut per year; however pitches, visibility splays, paths and edges would be cut more often.	(352,348)	0	0	0	(352,348)
	P10	Garden waste collection - 2 weekly from May-Nov	(100,000)	0	0	0	(100,000)
Total The people of Walsall feel safe in a cleaner, greener Borough			**(628,348)**	**0**	**0**	**0**	**(628,348)**
Total Policy Proposals			**(821,124)**	**0**	**0**	**0**	**(821,124)**

B: Summary of Operational Proposals by Outcome 2023/24 to 2026/27

Directorate	Ref No	Detail of Operational Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place							
Economy, Environment & Communities	OP1	Income generation review of fees and charges - increase planning development charges by 5%	(1,385)	0	0	0	(1,385)
	OP4	Regeneration & Economy team review	(260,193)	0	0	0	(260,193)
	OP53	Income generation review of fees and charges - increase Arts Centre hire and lettings by 12%; bar commission fees by 15%	(7,463)	0	0	0	(7,463)
	OP54	Charge developers for travel plans (this was approved in 2022/23 budget and deferred for 1 year only)	(30,000)	0	0	0	(30,000)
	OP55	Street lighting energy savings	(728,000)	(263,000)	0	0	(991,000)
	OP58	Increase domestic dropped crossing charges by 20%	(4,000)	0	0	0	(4,000)
	OP59	Increase s.38 and s.278 fees	(45,000)	0	0	0	(45,000)
	OP60	Increased bus lane/ bus gate enforcement	(50,000)	0	0	0	(50,000)
	OP64	Income generation review of fees and charges - increase traffic management by 10%; street naming and numbering and skip permits by 2%	(8,944)	0	0	0	(8,944)
	OP66	Modified winter maintenance service - the same roads will be gritted but split into 5 routes rather than 6	(30,000)	0	0	0	(30,000)
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**(1,164,985)**	**(263,000)**	**0**	**0**	**(1,427,985)**

Directorate	Ref No	Detail of Operational Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Education, training and skills enable people to contribute to their community and our economy							
Economy, Environment & Communities	**OP5**	Income generation review of fees and charges - increase library hire and lettings by 5%	(761)	0	0	0	(761)
Total Education, training and skills enable people to contribute to their community and our economy			**(761)**	**0**	**0**	**0**	**(761)**
People can access support in their community to keep safe and well and remain independent at home							
Children's Education & Customer Engagement	**OP6**	Temporary Accommodation Rent Levels & Service Charges	(60,000)	0	0	0	(60,000)
	OP7	Increased external contributions for key initiatives in Money Home Job	(50,000)	0	0	0	(50,000)
	OP9a	Income generation review of grants - Afghan Citizens grant	(52,587)	0	0	0	(52,587)
Total People can access support in their community to keep safe and well and remain independent at home			**(162,587)**	**0**	**0**	**0**	**(162,587)**
People are supported to maintain or improve their health, wellbeing and quality of life							
Adult Social Care, Public Health & Hubs	**OP10**	Demand - Develop and deliver additional support to Carers	(240,934)	(270,241)	0	0	(511,175)
	OP11	Shared lives - foster care provision	(116,277)	(142,812)	0	0	(259,089)
	OP13	Learning disability joint funding tool	(954,000)	0	0	0	(954,000)
	OP14	Full year effect of extension of existing client reviews and reduction in costs of new client packages	(674,841)	0	0	0	(674,841)
	OP15	Income generation review of grants - Section 75 grant	(59,780)	0	0	0	(59,780)
Economy, Environment & Communities	**OP16**	Enhancement of Darlaston Pool - implement new water features to improve teaching pool facilities and attract 'new business' - linked to capital investment	(15,000)	0	0	0	(15,000)
	OP17	Development of Oak Park office space to create more functional fitness space to expand classes - linked to capital investment	(50,000)	0	0	0	(50,000)
	OP18	Improvement to Direct Debit collection processes	(10,000)	0	0	0	(10,000)
	OP19	Review of coffee shop operations	(10,000)	(10,000)	(10,000)	0	(30,000)
	OP22	Above inflation increase to fees and charges	0	(20,000)	0	0	(20,000)
	OP23a	Income generation review of fees and charges - increase bereavement charges by 5%, registrars and interment fees by 3%	(93,646)	0	0	0	(93,646)
	OP24	Income generation review of fees and charges - increase active living by 5%; dry sports by 2%	(52,182)	0	0	0	(52,182)
Total People are supported to maintain or improve their health, wellbeing and quality of life			**(2,276,660)**	**(443,053)**	**(10,000)**	**0**	**(2,729,713)**

Directorate	Ref No	Detail of Operational Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
We get things right, first time and make all services accessible and easy to use							
Children's Education & Customer Engagement	**OP8**	Housing benefits realignment of income	(200,000)	0	0	0	(200,000)
	OP9b	Income generation review of grants - Household Support grant	(280,000)	0	0	0	(280,000)
Economy, Environment & Communities	**OP23b**	Income generation review of fees and charges - increase bereavement charges by 5%, registrars and interment fees by 3%	(93,646)	0	0	0	(93,646)
Total We get things right, first time and make all services accessible and easy to use			**(573,646)**	**0**	**0**	**0**	**(573,646)**
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring							
Resources & Transformation	**OP27**	Reduce IT Service Desk availability to 9-5	0	(25,000)	0	0	(25,000)
	OP28	Investment in strategic / higher level Financial Transactions management capacity - To be funded through increased recharges to external income	(75,000)	0	0	0	(75,000)
	OP29	Reduction in Finance Business Partner capacity	0	(276,039)	0	0	(276,039)
	OP30	Rationalise corporate estate to generate capital receipts and reduce maintenance and utility bills on our under utilised assets to create opportunities for redevelopment of sites or repurposing of assets to support frontline delivery	(500,000)	0	0	0	(500,000)
	OP31	Increase traded services within Cleaning, Caretaking and Catering	(100,000)	0	0	0	(100,000)
	OP32	Renting out Civic Centre floor space to partners	(100,000)	0	0	0	(100,000)
	OP33	Rephasing of required growth to creating a permanent team for continuity of external funding support	0	(293,000)	0	0	(293,000)
	OP34	Platinum Secure Storage	(13,000)	0	0	0	(13,000)
	OP35	Restore Offsite Storage (hard copy documents)	(1,100)	0	0	0	(1,100)
	OP36	Promotion of One Source system to Schools for sickness absence data entry	(30,000)	0	0	0	(30,000)
	OP37	Facilities Management staffing	(200,000)	0	0	0	(200,000)
	OP38	Rental income review of assets	(172,000)	0	0	0	(172,000)
	OP39	School crossing patrols - review of provision	(100,000)	0	0	0	(100,000)
	OP40	Redundant buildings provision	(250,000)	0	0	0	(250,000)
	OP41	Challenge buildings costs	(143,000)	0	0	0	(143,000)
Central / Capital Financing	**OP26**	Council wide efficiencies relating to Customer Access Management	(4,470,000)	0	0	0	(4,470,000)
	OP42	Borrowing rescheduling	(897,500)	0	0	0	(897,500)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Central / Capital Financing	OP67	Additional themed savings to fund any changed in demand or cost of living pressures	0	(5,000,000)	0	0	(5,000,000)
Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring			**(7,051,600)**	**(5,594,039)**	**0**	**0**	**(12,645,639)**
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential							
Children's Education & Customer Engagement	OP2	Home to School Transport review of contracts and route optimisation	(300,000)	0	0	0	(300,000)
	OP3	Increase top slice of Basic Need capital Funding Block	(96,000)	0	0	0	(96,000)
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			**(396,000)**	**0**	**0**	**0**	**(396,000)**
Children and young people grow up in connected communities and feel safe everywhere							
Children's Education & Customer Engagement	OP43	Extension of Strengthening Families, Protecting Children Model	(75,000)	0	0	0	(75,000)
	OP44	Adolescent Service - Turning Point	(560,000)	0	0	0	(560,000)
	OP45/ 51	Further Recruitment & Retention of internal Foster Carers	(630,000)	(600,000)	(600,000)	(600,000)	(2,430,000)
	OP46/ 52	Specialist Foster Placements	(392,000)	(244,000)	(244,000)	(244,000)	(1,124,000)
	OP47	Sibling Groups of 4+	(200,000)	0	0	0	(200,000)
	OP48	Review of Non-Staffing Costs across Children's Social Care	(100,000)	0	0	0	(100,000)
	OP49	Efficiencies from the charging of revenue costs to Supporting Families grant	(329,373)	0	0	0	(329,373)
	OP50	Development of locality partnership offer in Early Help. Investment 47 proposes that this saving is removed.	0	(888,396)	0	0	(888,396)
Total Children and young people grow up in connected communities and feel safe everywhere			**(2,286,373)**	**(1,732,396)**	**(844,000)**	**(844,000)**	**(5,706,769)**
The people of Walsall feel safe in a cleaner, greener Borough							
Economy, Environment & Communities	OP20	Develop new concessions in more parks	(5,000)	0	0	0	(5,000)
	OP21	Increase rental income from Park Lodges	(5,000)	0	0	0	(5,000)
	OP25	Further efficiencies relating to Customer Access Management	(96,038)	0	0	0	(96,038)
	OP56	Increase recycling rates and reduce contamination	(382,523)	0	0	0	(382,523)
	OP57	Additional Trade Waste Income	0	(68,350)	0	0	(68,350)
	OP61	Trade waste overrecovery of income	(130,200)	0	0	0	(130,200)
	OP62	Waste to recycling review	(300,000)	0	0	0	(300,000)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Economy, Environment & Communities	**OP63**	Income generation review of fees and charges - increase grounds maintenance, trees and arboretum rents by 5%; domestic waste and street cleansing by 10%; sale of bins by 22%; vehicle testing by 2.16%; vehicle goods and services by 20%	(55,102)	0	0	0	(55,102)
	OP65	Income generation review of fees and charges - increase regulatory licences and permits by 28%	(5,155)	0	0	0	(5,155)
Total The people of Walsall feel safe in a cleaner, greener Borough			**(979,018)**	**(68,350)**	**0**	**0**	**(941,330)**
Total Operational Proposals			**(14,891,630)**	**(8,100,838)**	**(854,000)**	**(844,000)**	**(24,584,430)**

Total Savings Proposals	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
A - Policy Proposals	(821,124)	0	0	0	(821,124)
B - Operational Proposals	(14,891,630)	(8,100,838)	(854,000)	(844,000)	(24,690,468)
Total Savings Proposals	**(15,712,754)**	**(8,100,838)**	**(854,000)**	**(844,000)**	**(25,511,592)**

Savings Proposals Summary by Outcome

Outcome	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	(1,245,785)	(263,000)	0	0	(1,508,785)
Education, training and skills enable people to contribute to their community and our economy	(761)	0	0	0	(761)
People can access support in their community to keep safe and well and remain independent at home	(250,787)	0	0	0	(250,787)
People are supported to maintain or improve their health, wellbeing and quality of life	(2,289,538)	(443,053)	(10,000)	0	(2,742,591)
We get things right, first time and make all services accessible and easy to use	(573,646)	0	0	0	(573,646)
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	(7,062,498)	(5,594,039)	0	0	(12,656,537)
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	(396,000)	0	0	0	(396,000)
Children and young people grow up in connected communities and feel safe everywhere	(2,286,373)	(1,732,396)	(844,000)	(844,000)	(5,706,769)
Our communities will be more resilient and supportive of each other	0	0	0	0	0
The people of Walsall feel safe in a cleaner, greener Borough	(1,607,366)	(68,350)	0	0	(1,675,716)
Total Savings Proposals	**(15,712,754)**	**(8,100,838)**	**(854,000)**	**(844,000)**	**(25,511,592)**

Savings Proposals Summary by Directorate

Directorate	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Adult Social Care and Public Health	(2,045,832)	(413,053)	0	0	(2,458,885)
Children's Services and Customer Engagement:					
- Children's Services	(2,682,373)	(1,732,396)	(844,000)	(844,000)	(6,102,769)
- Customer Engagement	(730,787)	0	0	0	(730,787)
Economy, Environment and Communities	(3,191,264)	(361,350)	(10,000)	0	(3,562,614)
Resources and Transformation	(1,694,998)	(594,039)	0	0	(2,289,037)
Central	(5,367,500)	(5,000,000)	0	0	(10,367,500)
Total Savings Proposals	**(15,712,754)**	**(8,100,838)**	**(854,000)**	**(844,000)**	**(25,511,592)**

Savings Proposals Summary by Proud Workstream

Workstream	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Third Party Spend	(5,201,248)	(3,099,000)	(844,000)	(844,000)	(9,988,248)
Income Generation	(3,771,151)	(1,970,297)	(10,000)	0	(5,751,448)
Enabling Support Services	(105,000)	(827,355)	0	0	(932,355)
Customer Access Management	(4,939,109)	(2,204,185)	0	0	(7,143,295)
Corporate Landlord	(1,696,246)	0	0	0	(1,696,246)
Total Savings Proposals	**(15,712,754)**	**(8,100,838)**	**(854,000)**	**(844,000)**	**(25,511,592)**

Part 1 Annex 8 – Capital & Investment Strategy

1. INTRODUCTION

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a Capital Strategy to demonstrate how capital expenditure, capital financing and treasury management activity contribute to the provision of desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

1.2 The Strategy forms part of the framework for financial planning and is integral to both the Medium Term Financial Framework (MTFF) and the Treasury Management Strategy (shown at Part 1 section 1.2 of this Corporate Budget Plan) and considers the funding implications of the capital programme and where borrowing is required. It sets out how capital investment will play its part in delivering the ambitious long term strategic objectives of the council, how associated risk is managed and the implications for future financial sustainability. The Strategy is also in line with the Ministry of Housing, Communities and Local Government's (MHCLG) (now Department for Levelling Up, Housing & Communities (DLUHC)) 2018 statutory guidance on local government investments.

2. AIM AND OBJECTIVES

2.1 The Capital Strategy forms a key part of the council's overall corporate planning framework by which capital and investment decisions will be made with a focus on protecting the council's assets and delivering the council's corporate objectives. The overarching aim of the 2023/24 to 2026/27 Capital Strategy is to provide a framework within which the council's capital investment and financing decisions can be aligned with the council's corporate priorities and objectives over the medium term. The Strategy recognises uncertainties, especially in relation to funding in later years.

2.2 In order to reflect the council's corporate priorities the Capital Strategy is driven by the Council Plan 2022-2025 which sets out the council's Vision, Purpose, Guiding Principles and Strategic Priorities.

The main sections of the Capital Strategy link to the Council Plan in the following key areas:

- **Asset Management Planning** – is aligned to the Council Plan by reviewing service needs to ensure that quality services are delivered, and to further protect the Council's assets.
- **School Estate Planning** – is aligned to the Council Plan by investing in Schools to providing the best start in life for the boroughs children.
- **Investment in Regeneration and Housing** – is aligned to the Council Plan by a focus on economic growth by supporting key strategic projects that will deliver business growth and jobs across the bourough as well as supporting the delivery of our local plan and housing needs over the medium to long term.
- **Investment in our Digital Services -** is aligned to the Council Plan by enabling services to meet the needs of the customer, to be efficient and deliver value for money.
- **Capital Investment for Revenue Benefits** – is aligned to the Council Plan by investing in relevant services to reduce expenditure or create or increase revenue,

impacting better value for money.

3. Capital Expenditure

3.1 Setting the Capital Programme

3.1.1 The council's capital programme covering the period 2023/24 to 2026/27 is set out within **Annex 9** of this Corporate Budget Plan.

3.1.2 The basis of the Capital Programme is driven by the budget and service planning process. This process begins early in each financial year, usually around June. The size of the Capital Programme is determined by:

- The need to incur capital expenditure
- Capital resources available
- The revenue implications flowing from the expenditure.

3.1.3 As part of the budget and service planning process, services are required to review capital needs locally, and to align with service priorities. Where directorate capital and asset groups agree these requirements, then these capital investments are named as projects and included in the Council's investment pipeline schedule ("Pipeline"). The Pipeline includes the following information:

- Project background, including context, key dates and requirements
- Project objectives and outputs
- Scope and justification of the project
- Draft profile of spend by financial year, source of funding, and revenue implications
- References to background papers and key documentation
- Anticipated project sponsor and project manager

3.1.4 The Pipeline is scored, initially by project leads and managers, using the scoring matrix in Table 1 below. The scored Pipeline is then tested and challenged by the Council's Strategic Investment Board (SIB) and its Funding Sub-Group (FSG), with scores adjusted where necessary. This ensures that scoring is robust and consistent across directorates, and projects can be categorised between "highly recommended", "recommended" and "not recommended" based on their score and the funding available. Once SIB are content with the prioritised Pipeline, this is reviewed by Members for review and challenge. This process ensures that investment is directed to projects that align with the Council's strategies and meets our aims, objectives and outcomes. It also ensures that budgets are ring-fenced for critical and deliverable schemes, rather than committing funds to schemes that are at risk of carry forward or not realistic to deliver at all.

Table 1: Pipeline investment scoring matrix

Ranking Criteria	Weighting	Notes	SCORING		
		Rag rating	GREEN	AMBER	RED
		Points	3	2	1
Aligned to local plans and strategies	40%	We should only be developing schemes in our wider plans. WM and BC Strategic Economic Plans, Walsall Council Plan, MTFS, Local planning policy, Site Allocation Document, Town Centre Area Action Plan, Walsall 2040.	Aligns to National AND local strategies	Aligns only to to National OR local strategies	No alignment to a specific strategy
Essential service	20%	Supports Council infrastructure to enable service delivery	Non-investment is not an option	Investment would be preferable and enchance service	Non-essential
Short term deliverability	20%	Likelihood of end scheme being delivered in short term	Delivery could commence in 12 months	Delivery 1-3 years	Delivery 4-5 years
Finance potential	20%	Potential for the wider scheme to secure external funding / match funding / recycling of funds i.e. commercialisation, overage, land sale etc so that more of the pipeline can be funded in the longer term	match funding (>50%) and revenue savings meaning payback within x5	funding or revenue savings generate, or significant cost avoidance	funding OR will result in no revenue change or a net revenue cost

3.1.5 Pipeline projects are categories between existing need (i.e. business as usual or project overspends) and new investments:

- Existing projects are named and valued in the Capital Programme.
- A Pipeline Investment marker will be included in the Capital Programme for new investments, where indicative schemes are named but are subject to a Green Book compliant business case, future endorsement by SIB and approval by Cabinet.

3.1.6 Business cases, where requested to be completed, will be subject to formal review and assessment. A business case will include more detailed information on the proposed scheme, along with options where applicable, in line with the Government's 5 case model for developing business cases and would expect to include the following:

- Strategic Case - Provides strategic fit and is supported by a compelling case for change, and why the project is proposed.
- Economic Case - Focuses on options appraisal and the identification of the preferred option by comparing value for money and non-quantified benefits of each delivery option
- Financial Case – Assesses if the preferred option is fundable and affordable over the project lifetime (capital and revenue)
- Commercial Case - Is commercially viable and attractive to suppliers. This section focuses on the development and procurement of the potential Deal
- Management Case - Can the project be delivered successfully by the organisation and its partners, does it need extra support and resource? This section focuses on the implementation arrangements for the proposal and milestones.
- The business case also covers key assumptions, dependencies and risks.

3.1.7 Cabinet determine the projects to be included within the Capital Programme based on the scoring matrix agreed and reviewed by SIB and the recommendations received and then adjusted where needed to account for additional criteria not included in the scoring matrix, as well the overall impact on the revenue budget. Schemes that require use of the council's own capital resources (such as prudential borrowing or capital receipts), are categorised according to the following, in order to assist the decision making process:

- Level One Priority – relates to schemes that are unavoidable to meet statutory and legislative requirements in the provision of services. It includes items such as health and safety, new legislation etc. By their nature, these schemes are a first call on available resources. It also includes supported borrowing allocations which are ring fenced to a specific programme of activity.

- Level Two Priority – relates to schemes that unlock external investment in the borough; drives out long-term revenue savings; support the strengthening of the borough's economy; delivers an efficient and effective operational estate linked to the Asset Management programme; and invests in assets to grow future income streams for the council.

This is reflected as part of the scoring of the Pipeline, under the Essential Service category in Table 1.

3.1.8 The council's policy is to agree the Capital Programme on an annual basis at the Council meeting in February. Once approved, the budget report is made available on the council's website, and published on the finance pages of the council's intranet.

3.2 Managing the Capital Programme

3.2.1The council's contract/financial procedure rules and constitution provide a clear framework on how all capital projects are to be managed.

3.2.2 Regular monthly monitoring reports are submitted to directorate management teams and then to CMT, ASG, Cabinet and Overview and Scrutiny Committees, showing actual expenditure compared with budget. This enables high-level scrutiny of the delivery of capital objectives against the plan and for action to be taken to ensure the longer term programme reflects emerging priorities.

3.2.3The Pipeline Investment fund supports in year opportunities and commitments. The authority will hold a central contingency/project reserve, which is administered by corporate finance. The Pipeline is an ongoing and iterative schedule that is reviewed regularly by SIB and its FSG to ensure investments continue to be directed to council priorities. The Pipeline also includes an allocation to cover minor investments (<£100k) so that a more proportionate approach can be taken. Pipeline projects that were categorised as "not recommended" are held on a reserve list and commenced if scoring and prioritisation of the Pipeline changes throughout the year and sufficient funding becomes available.

3.2.4The potential use of contingency and reserves for specific projects will be reported to SIB, ASG and Cabinet as relevant. This will also include the request to use council funds as match funding towards external funded schemes, and the funding to support essential works including health and safety schemes that cannot be programmed at the start of the financial year.

3.3 Restriction on Borrowing and Use of Capital Receipts

3.3.1 The council funded element of the Capital Programme is normally financed from borrowing, capital receipts and the carry forward of unspent allocations from previous years.

3.3.2 There is no restriction on the level of borrowing that the council can undertake, subject to compliance with the Treasury Management Code of Practice and affordability of the revenue costs. However subject to this compliance, borrowing is required to be funded from the council's own resources - generated through savings, and/or paid for via council tax (this is also commonly known as unsupported or Prudential borrowing). This links to the council's Operational Boundary and Authorised Limit set within the Treasury Management & Investment Strategy based on forecast capital programme and pipeline requirements with affordable headroom built in. Any excess borrowing required over the Authorised Limit would require further council approval and a full assessment of affordability.

3.3.3 Capital receipt projections for 2023/24 are estimated to be circa £2.5m based on professional estimates of property colleagues and subject to change dependent on the implementation of the Strategic Asset Plan and any additional disposals identified following the current agreed list. Any additional receipts received in year (excluding those earmarked for specific schemes) will be considered to fund projects identified on the reserve list of schemes or transformation projects in line with the Flexible Use of Capital Receipts Strategy (shown within **Annex 10** of this Corporate Budget Plan).

3.4 Asset Management Planning

3.4.1 The council has a typical local authority property portfolio consisting of operational property, investment property and property held for specific community or regeneration purposes. The council manages its portfolio under the guidance of its newly approved Strategic Asset Plan (SAP) 2022-27. In recent years, the council has adopted the current MTFO and embarked on a transformation agenda (Walsall Proud) to support the delivery of the Council Plan. Additionally, the council has reacted, operated and delivered services during the Covid period and is working to implement the medium to longer term solutions to manage these impacts for now and for the future.

3.4.2 The preparation and adoption of the Strategic Asset Plan is a major part of the transformation of the council's property teams – originally the Transformation Programme theme of "Our Assets". Another significant part of the transformation is the adoption of a Corporate Landlord model for the management of the council's land and property assets which seeks to centralise the responsibilities and management of all property assets within the Corporate Landlord team which enables more effective and efficient strategic management of the portfolio and has now been embedded within the council and its core principles.

3.4.3 A significant aim of the Strategic Asset Plan was to undertake an ongoing review of the buildings within the portfolio in order to maximise utilisation of the council's properties. This process was particularly pertinent as the council modifies its ways of working following the Covid-19 to fully consider future customer, employee and member requirements and expectations, alongside an internal review of the condition of our corporate estate. This would then inform our options and asset investment, acquisitions and disposals to meet these in the most effective way. In addition to this, we've set up an asset challenge process which seeks to identify the worst performing assets and assesses the options for those buildings being investment to improve, alterations to improve performance and suitability or disposal.

3.4.4 The new SIB and corporate landlord board governance process is already contributing to more joined-up decision making regarding the use of its land and property, and is enabling strategic decisions such as the adoption of a planned preventative maintenance programmes and land assembly to support regeneration activity, to be made in consideration of wider corporate objectives and bearing in mind cross council service needs.

3.4.5 The Disposals Strategy provides a framework for the decision-making process for the retention or disposal of surplus assets and the prioritisation of the disposal programme. The adoption of the Disposals Strategy will enable better planning for and forecasting of capital receipts generated through the disposal of surplus assets which contribute towards funding the capital programme.

3.4.6 Outcomes of the above will be brought through the SIB, ASG and Cabinet process once reviewed and agreed and will be updated within the Capital Programme accordingly.

3.4.7 Additionally the Highway Asset Management Plan sets out how the Council Plan links to the way the council develops and maintains the highways which are the single most valuable asset the council is responsible for. The way the highways are maintained and managed has a direct impact on the borough's residents, businesses and visitors and further investment will sustain and encourage economic growth.

3.5 School Estate Planning

3.5.1 The Council has a duty to ensure there are sufficient school places for resident children who require a school place. Basic Need Capital funding is therefore allocated by the Department for Education to local authorities, based on pupil place number forecasts, to deliver the additional places in schools to meet expected demand. The Authority has identified a significant increase in demand and has, inclusive of Basic Need carry forwards and confirmed allocations until 2022/23, a funding envelope of circa £28m in order to deliver the required anticipated places. Further allocations for 2023/24 have been announced and the funding circa £10.7m will be received to reflect the increasing demand in secondary school places. Currently there is a nil allocation for 2024/25, however the final confirmation will be dependent upon demand of pupil places in the Walsall Borough and will be announced on a rolling annual basis via the Education & Skills Funding Agency (ESFA).

3.5.2 The pupil place requirement for SEND/mainstream places is increasing for many local authorities including Walsall. The impact of this is that local authority areas may not have sufficient or appropriate provision and capacity to deliver specialist support and therefore accurate management of limited resources like finance becomes pivotal to ensure not just the delivery of places but also value for money.

3.5.3 With a view to support these challenges, the authority has identified the need to appoint a strategic partner who will work with the authority to develop and deliver proposals relating to any new and emerging need for pupil places, responding to the changing trends in demand for pupil places as well as support the development of a longer-term plan for delivery of places and our wider Education Capital Programme. The appointment of a strategic partner will also help the Authority deliver school places more efficiently and effectively and improve value for money.

3.5.4 To deal with the shortfall of places as mentioned above for September 2023 and beyond for SEND/Secondary places, a plan of short, medium and long term works has been identified and approved at cabinet to ensure that there are enough places available.

3.5.5 The anticipated expansion programme is likely to have a significant impact on the Council's educational estate, providing enhancements to the operational benefit of schools. The programme will entail extensive works to extend, alter and remodel the portfolio, and could in some instances see the construction of new buildings. In accordance with any well-planned construction programme it will be important to undertake pre-construction feasibility activity and site surveys to inform all necessary consents, as well as construction costs, and future maintenance responsibilities. Such consents will need to include planning and building regulations in addition to any specific requirements of other statutory bodies/ undertakers**.**

3.6 Investment in Regeneration

3.6.1 In support of the objectives set out within the Council Plan 2022-2025, to achieve 'Economic Growth for all people, communities and businesses', the Council continues to plan for and deliver its regeneration plans and proposals in line with local, sub regional and regional strategies. This activity becomes even more important as part of the council's 'Ways of Working' agenda following Covid-19, and can underpin the overall borough's economic recovery approach.

3.6.2 Additionally the authority, like many other councils, continues to explore alternative models for intervening in the market to aid our regeneration opportunities, and in ways that may also secure longer term revenue income as well as create additional business rate and council tax income. These opportunities will be modelled to provide assurance that sufficient investment returns over the life of the project are consistent with long term treasury investment returns adjusted for risk.

3.6.3 Building upon the economic growth aspirations of key documents including the West Midlands and Black Country Strategic Economic Plans, Walsall Economic Strategy, local planning policy documents including the Walsall Site Allocation Document and Town Centre Area Action Plan and the emerging Walsall Local Plan, and the Walsall Town Centre Masterplan, the Council recognises its role in enabling public and private sector investment to be secured to continue / facilitate the delivery of key development opportunities, and has used capital resources to acquire land interests in key regeneration locations, including within the Black Country Enterprise Zone (BCEZ). Consideration is being given to future acquisitions to support the delivery of other projects.

3.6.4 Walsall has an extensive prioritised development pipeline which comprises schemes that can support the delivery of:

- 115 hectares of land remediated/ redeveloped
- 6,900 new or sustained jobs within Walsall

- 2,400 new homes
- 280,000 square meters of employment / commercial floors space

The regeneration pipeline is included in the Council's Pipeline (para 3.1.3) and scored alongside wider Council projects, so investment decisions can be taken in the context of the Council's wider strategy and aims and objectives.

3.6.5 Successful delivery of these projects will only be achieved through collaborative working between the council, public sector partners and private developers/ investors, with the potential utilisation of public sources of finance.

3.6.6 The council has a strong track record of working in partnership to secure investment; in recent years the council has supported £350m of investment into the borough and further interventions are planned.

3.6.7 The council is currently working with the West Midlands Combined Authority and private sector investors to prepare funding propositions for the delivery of development and infrastructure projects.

3.6.8 In July 2019 the council completed the Walsall Town Centre Masterplan to build upon the Walsall Town Centre Area Action Plan to understand the interventions that may need to be undertaken to 're-think' the Town Centre and unlock development opportunities; such opportunities have identified the need for public funding in the region of £116m with some of this achieved through investment propositions and co funding mechanism.

3.6.9 Building on the successful award of £11.4m of the Government's Future High Street Fund for a multi-million pound project to transform the connectivity of the town centre's rail and bus stations, the Council has also been successful in being awarded £21.3m out of the £25m bids for each of the eligible Bloxwich and Walsall town areas from the Government's Towns Funds (£42.6m total). Projects within the Towns Fund programme are at various stages, but business cases have been, or will be, submitted by 31 March 2023 with the majority of projects having secured their in-year grant allocations in advance and are moving into the delivery phase.

3.6.10 Looking ahead, and recognising the continued changing market conditions and development viability issues, the council has prioritised its regeneration activity to focus upon key strategic locations in the borough including Walsall Town Centre and Willenhall District Town Centres, the BCEZ, and significant brownfield housing development sites throughout the Walsall to Wolverhampton housing growth corridor.

3.6.11 Delivery of the BCEZ can utilise Public Works Loan Board funding for upfront enabling works where this will be repaid in full through future business rate uplift. The delivery of new homes in the W2W Corridor can be assisted by the West Midlands Land Fund, but other sources of financing will also be required to unlock the 8500 new homes envisaged across Walsall and Wolverhampton.

3.6.12 In this context it should be noted that Government has recently made announcements in relation to additional funding being provided to WMCA which may be able to support project delivery in the borough.

3.7 External Funding

3.7.1 With local authorities operating within challenging funding conditions, capital expenditure secured through external bidding provides opportunity for the Council and/or partners to address challenges facing the Borough. The scale and context of bids can vary significantly, with delivery periods ranging from short to longer term, but all enable maintained or improved service standards for residents, businesses and visitors alike.

3.7.2 The focussed capital pipeline enables the external funding team to monitor funding opportunities in alignment with Council priorities, allowing for bid development and approval to progress efficiently where eligibility is identified. Strategic capital priorities can align with external funders' own strategies and areas of focus, so the management of pipelines including 'shovel ready' schemes enables the Council to capitalise on short term funding cycles. Notably, the Council has developed its relationship with specific sector funders, such as the National Lottery Heritage Fund, resourcing staff capacity directly within the local authority to work collaboratively to support Walsall's priority area status within the funder's own delivery framework.

3.7.3 Resourcing external funding enables core staff to focus on service delivery, without additional stress or pressure to address deficits within future strategies. A particular skill-set is required to ensure such bids are adequately researched well written and deliverable in-line with projected capacity. Walsall Council's resourcing of an external funding team has delivered an increasingly positive return on investment, working across Council service areas to both identify opportunities and secure resources. Funding awarded through discrete, competitive funding rounds enables the local authority to target capacity where most effective to deliver against financial budgets and strategic ambitions.

3.7.4 The Capital Investment Strategy and Pipeline projects capacity needs, in-line with core resources. The inclusion of funded staff capacity within bids is identified as a key priority to deliver against ambitious capital programmes with the necessary competencies, and address staff capacity against existing work streams. Partnership delivery, so often associated with capital schemes, developed through engagement with both funders and local partners, then resources specific sectors with project outputs delivered collaboratively, enabling council resource to be implemented strategically.

4. DEBT & BORROWING AND TREASURY MANAGEMENT

4.1 A projection of external debt and use of internal borrowing to support capital expenditure, the council's authorised borrowing limit and operational boundary along with the Capital Financing Requirement are set out within the Treasury Management & Investment Strategy (section B, part 2 of the Corporate Budget Plan).

4.2 The Treasury Management & Investment Strategy also sets out the council's Minimum Revenue Provision (MRP) which identifies the financial provision that the authority is required to set aside each year for the provision of the repayment of borrowing over the life of the underlying debt.

Risk Appetite Statement

4.3 The Prudential Code (2017) requires authorities to disclose their risk appetite with regard to its treasury management activity. This is set out within our Treasury Management Policy Statement and within TMP1.

4.4 For the purpose of this statement, the authority has adopted the Orange Book (UK government publication on the strategic management of risk within government) definition of Risk Appetite, namely "the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time."

4.5 It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, an organisation has to take some measure of risk. Therefore, risks need to be considered both in terms of threats to the council as well as positive opportunities.

4.6 It is worth noting that the Public Accounts Committee supports well-managed risk taking across government, recognising that innovation and opportunities to improve public services requires risk taking, providing that the ability, skills, knowledge and training to manage those risks well exist within the organisation or can be brought to bear.

4.7 The authority's risk appetite statement sets out how it balances risk and return in pursuit of achieving its objectives. It is intended to aid careful decision-making, such that the council takes well thought through risks to aid successful delivery of its services and obligations, while also understanding the adverse aspects of risk undertaken and taking appropriate measures to mitigate these in line with its stated goals. Thereby, the council's risk judgements are more explicit, transparent and consistent over time.

4.8 The risk appetite statement forms a key element of the council's governance and reporting framework and is set by full Council as part of the Capital & Investment Strategy. In addition, the risk appetite will be considered annually and monitored on an ongoing basis by the Treasury Management Panel and external advisors.

Relationship to Other Aspects of Risk Management

4.9 It is important to note that the risk appetite is a high level view on the key areas of risk and the qualitative quantum therein that the council is willing to accept in pursuit of its objectives. In this, it is different to other key aspects of risk management, primarily:

- The Strategic Risk Register – a detailed list of the potential significant risks the council is exposed to;
- The budget risk assessment – the assessed level of risk at which the council can operate, given its reserves, revenues, and access to funding, liquidity, regulatory and legal constraints, and any other restrictions.

4.10 The risk appetite is also supported by the following:
- The council's risk management framework;
- The governance structure and responsibilities;
- Risk reporting;
- Monitoring and escalation procedures.

Treasury Management Risk Appetite

4.11 In general, the council's treasury management risk appetite is expressed through its tolerance to risk in respect of capital preservation, meaningful liquidity and income volatility. The council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.

4.12 The council's treasury management operations are exposed to a broad range of risks. These, along with the council's approach to managing them, are set out in detail within the authorities Treasury Management Policies (TMP 1 – Treasury Risk management).

4.13 Managing the council's treasury management risks is an area of significant focus for the Treasury Management Panel (TMP) and the council adopts an integrated view to the management and qualitative assessment of risk. The TMP is made up of senior council finance officers who meet to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

4.14 The council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the council.

5. COMMERCIAL ACTIVITY

5.1 If commercial opportunities do arise the council will review these to understand if there is a potential for a financial or community based (regeneration / creating or securing jobs etc) contribution from the scheme.

5.2 In support of reviewing these options and informing decision making the council has a strong governance framework that goes beyond the regulatory codes. This includes the Audit Committee and reporting to Cabinet and Council.

5.3 Due diligence is of paramount importance. All of the council's commercial investments will be supported by individual business cases that are subject to thorough risk assessment. Where appropriate to the size and scale of the project independent technical and legal reviews will also be considered.

5.4 Ongoing performance monitoring for all commercial schemes that have been entered in to is also undertaken and reported to relevant members and senior officers on a regular basis through Asset Strategy Group.

5.5 The council also seeks to ensure that all commercial schemes it considers and undertakes are fully aligned with priority outcomes set out within the Council Plan and are in line with the DLUHC guidance making it clear local authorities are no longer allowed to borrow to invest purely for commercial yield.

5.6 The council's approach to non-financial investments, including their contribution, benchmarking indicators, risk assessment process and proportionality of the income derived from them in comparison to net service expenditure is set out within the Treasury Management & Investment Strategy.

5.7 Following consultation during 2020, HM Treasury have now revised access requirements for local authorities seeking to access borrowing from the Public Works and Loans Board (PWLB). These revisions mean that local authorities will not be able to access PWLB borrowing to buy investment property with the primary aim of generating yield, and specifically to access PWLB funding authorities will need to submit three year capital plans to PWLB, with the S151 officer confirming that there is no intention to buy investment properties primarily for yield at any point within those three years.

5.8 If there are any intentions by the authority to buy investment properties primarily for yield within the three year capital programme then PWLB will not be able to lend to the authority for the period of that programme. HM Treasury have also confirmed that where local authorities do seek to pursue debt-for-yield projects which they finance in other ways, such as through the use of internal cash balances or borrowing from other financial institutions, they would then not be able to access PWLB borrowing to refinance this element of debt going forward.

5.9 As interest rates on PWLB borrowing are normally more favourable than other forms of borrowing, being unable to access PWLB and having to seek borrowing from other financial institutions is therefore likely to increase the overall revenue costs required to fund the elements of the council's capital programme which are funded from borrowing – for example every 1% increase in interest costs on a three year capital programme including circa £120m of capital spending funded from borrowing (similar to the level included within this report) would add £1.2m of additional ongoing revenue costs per year by the end of the three year period.

6. OTHER LONG TERM LIABILITIES

Pension Guarantees

6.1 The council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The council have thus given pension guarantees to a number of organisations. This guarantee means that if an admitted body fails to pay its pension obligations then the council will be responsible for taking on those obligations.

6.2 All guarantees entered into need the approval of Cabinet. The guarantees are reviewed annually as part of the closure of accounts process. The pension balance is assessed on an annual basis by the Pension Fund and is subject to change due to the underlying assets. This is rebalanced on a three year basis, known as a triennial review.

Public Finance Initiative (PFI) & Other Long Term Liabilities

6.3 The council operates two PFI's and one Public Private Partnership PPP as follows:

- St Thomas More School PFI - contract for the construction, maintenance and operation of a secondary school in Willenhall.
- Public Street Lighting PFI - contract for the replacement and maintenance of the council's lighting stock across the borough. The objective of this contract is to ensure that the borough is lit in a uniform manner complying with British and European standards.
- Housing & Care 21 PPP – contract to provide 285 extra care units (including 70 shared ownership and 5 respite care) across the borough, a 40 bed dementia care unit at Goscote and increased day care across the borough (including weekend access to services.

6.4 The financial liabilities are disclosed annually in the council's Statement of Accounts and whilst PFI and PPP contracts are long term liabilities the agreements include financing and as such are netted off within the capital financing requirement.

7. KNOWLEDGE AND SKILLS

7.1 The Capital Programme and Treasury Management & Investment Strategy are managed by teams of professionally qualified accountants, who actively undertake Continuous Professional Development (CPD) on an ongoing basis to keep abreast of new developments and develop additional skills. They also have extensive Local Government finance experience between them.

7.2 The council's Section 151 Officer is the officer with overall responsibility for capital and treasury activities. They too are a professionally qualified accountant undertaking an ongoing CPD programme.

7.3 Any commercial projects that the council seek to enter into will also be supported by teams from all required professional disciplines from across the council, and external professional advice will also be sought if needed.

7.4 Internal and external training is offered to members on an ongoing basis to ensure they have up to date skills to make capital and treasury decisions.

7.5 The Council's Treasury Management Panel meet regularly to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

7.6 The knowledge and skills of officers and members are commensurate with the council's risk appetite.

Part 1 Annex 9 : Capital Programme 2023/24 to 2026/27

A. Capital Programme 2023/24 to 2026/27 – Council Funded Schemes

A1 - Rolling Programme Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place								
Economy, Environment & Communities	Traffic Signals Infrastructure	The council has a statutory duty to maintain all traffic signal infrastructure. This programme of planned pedestrian crossing replacements will ensure the safe and efficient movement of pedestrians across the borough (Traffic Management Act 2004). Also supports council's carbon reduction target delivery.	0	200,000	200,000	200,000	200,000	800,000
	Provision of Community Dropped Crossings	These are dropped kerbs at strategic points along footways which permit access for wheelchairs, pushchairs, mobility scooters etc. to cross roads. The investment will allow the council to provide a rolling programme of community crossing points.	0	20,000	20,000	20,000	20,000	80,000
	Highways Maintenance Programme	As Highway Authority the council has a legal responsibility to maintain the highway network. Failure to do so would inevitably leads to a deterioration of our roads, increasing the likelihood of accidents and would ultimately expose the council to increased risk of third party claims.	0	2,800,000	2,800,000	2,800,000	2,800,000	11,200,000
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**0**	**3,020,000**	**3,020,000**	**3,020,000**	**3,020,000**	**12,080,000**
People can access support in their community to keep safe and well and remain independent at home								
Children's, Education & Customer Engagement	Aids and Adaptations / Preventative Adaptations/ Supporting Independence	This project supports: 1. Statutory requirement to provide Disabled Facility Grants (DFGs) this includes enabling the council to provide a continuous service rather than as some councils do in terms of stock-piling enquiries till new grant allocations are made to them. 2. Provision of maintenance of lifts and hoists. 3. Minor adaptation works. 4. Domestic electrical safety.	0	412,000	412,000	412,000	412,000	1,648,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Children's, Education & Customer Engagement	Health Through Warmth - Tackling Fuel Poverty	To help provide a safety net for those who cannot access other funding sources and is available as a loan charged on the individuals' property that is repaid upon sale or relevant transfer of their home. For this sum per year, it could offer 28 new boiler systems and 25 boiler repairs. Also helps secure continued investment from external agencies in tackling fuel poverty and excess winter deaths in the borough.	0	75,000	75,000	75,000	75,000	300,000
Total People can access support in their community to keep safe and well and remain independent at home			**0**	**487,000**	**487,000**	**487,000**	**487,000**	**1,948,000**
People are supported to maintain or improve their health, wellbeing and quality of life								
Economy, Environment & Communities	Memorial Safety Management in Cemeteries	The continued inspection and making safe of memorials in Walsall cemeteries and to discharge the council's duty of care within the cemeteries. Increased safety of memorials benefits the residents of Walsall by delivering a safer environment within Walsall cemeteries.	0	20,000	20,000	20,000	20,000	80,000
Council Wide	Funding to support essential works including health and safety, and other projects that cannot be programmed at start of year	1: Asbestos removal - the authority is required by legislation to manage asbestos within its properties and to remove to comply with health & safety legislation. 2: Statutory testing of gas and electrical systems in buildings. 3: Control of Legionella - statutory requirement to test all water systems and undertake upgrades and improvements as required. 4: Fire Risk Assessment - statutory requirement to ensure compliance with health & safety. 5: Demolition of redundant buildings to provide saleable assets and increase market value of sites. 6: General repair & maintenance of buildings, historic buildings, aiding relocations. 7: Self-insured property damage – insurance excess. 8: Risk Management - unforeseeable events.	468,160	1,000,000	1,000,000	1,000,000	1,000,000	4,468,160
Total People are supported to maintain or improve their health, wellbeing and quality of life			**468,160**	**1,020,000**	**1,020,000**	**1,020,000**	**1,020,000**	**4,548,160**

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
The people of Walsall feel safe in a cleaner, greener Borough								
Economy, Environment & Communities	Promotion of Community Health and Safety	Ongoing funding of road safety schemes, to address local community concerns, which fail to achieve the strategic priorities associated with the Local Transport Plan funding in terms of casualty reduction. In supporting the delivery of these local schemes it is possible to improve local quality of life and safety, creating safer communities.	54,925	120,000	120,000	120,000	120,000	534,925
Total The people of Walsall feel safe in a cleaner, greener Borough			**54,925**	**120,000**	**120,000**	**120,000**	**120,000**	**534,925**
Total Rolling Programme Schemes			**523,085**	**4,647,000**	**4,647,000**	**4,647,000**	**4,647,000**	**19,111,085**

A2 - Prior Year Approval Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place								
Economy, Environment & Communities	Enterprise Zones	Required for the Council to cash-flow borrowing costs associated with capital investment into the Enterprise Zone. Financial modelling forecasts that these costs are expected to be recovered from future business rates generated from within the zone, although the Black Country LEP are the decision making body in relation to where business rates within the zone are invested. Therefore, on the basis that the BCLEP approve that costs on Walsall sites can be recovered through the business rates mechanism, then the Council will only be required to cash-flow these costs.	3,104,862	387,213	6,897,852	2,435,472	0	12,825,399

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Economy, Environment & Communities	Future High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time (External funding announced by MHCLG (now DLUHC – Department for Levelling Up, Housing & Communities) on 26 December 2020.). The additional £4.49m has been added from previously reports for the refurbishment of the Saddlers Centre including the transformation of the public realm area from the centre to the bus station with additional works to the train station concourse. This will be part of the transformative investment in Walsall Town Centre around the rail and bus stations. £4.49m increase - £3.471m in 2024/25, £1.02m in 2025/26.	1,415,852	7,517,372	14,657,776	1,020,000	0	24,611,000
	Yorks Bridge (Top Up)	Yorks Bridge is currently the subject of a 7.5 tonne weight limit. Replacement scheme funded using council capital funding and the Department for Transport Maintenance Block.	750,000	750,000	0	0	0	1,500,000
	Other schemes carried forward from previous years requiring completion	Regenerating Walsall	223,206	0	0	0	0	223,206
		Walsall Town Centre Public Realm Improvements	362,081	0	0	0	0	362,081
		Darlaston Strategic Development Area	9,801	0	0	0	0	9,801
		Allotment Boundary Improvement Works	170,000	0	0	0	0	170,000
		New Homes Bonus	76,999	0	0	0	0	76,999
		Hatherton Road Car Park	61,456	0	0	0	0	61,456
		Hatherton Road Multi-Storey structural maintenance	200,000	0	0	0	0	200,000
Resources and Transformation	Towns Deal	In 2021/22, Walsall and Bloxwich were successful in being awarded £21.3m from DLUHC for each town. Working with the Town Deal Board and partners, a project confirmation table has been submitted for each project, with an underwriting requirement from the Council of £5.48m as the Council's share of the shortfall compared to the awarded allocation.	0	0	0	0	0	0
		Walsall Towns Deal - council contribution.	999,080	780,520	0	0	0	1,779,600
		Bloxwich Towns Deal - council contribution.	1,025,000	1,650,000	425,000	600,000	0	3,700,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Resources and Transformation	Other schemes carried forward from previous years requiring completion	Challenge Block	33,214	0	0	0	0	33,214
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**8,431,551**	**11,085,105**	**21,980,628**	**4,055,472**	**0**	**45,552,756**
People can access support in their community to keep safe and well and remain independent at home								
Children's, Education & Customer Engagement	Other schemes carried forward from previous years requiring completion	Social Housing Decarbonisation	283,600	0	0	0	0	283,600
Total People can access support in their community to keep safe and well and remain independent at home			**283,600**	**0**	**0**	**0**	**0**	**283,600**
People are supported to maintain or improve their health, wellbeing and quality of life								
Economy, Environment & Communities	Children's Play Equipment	Installation of 6 new outdoor gyms and the improvement of 13 main play sites at a total cost of £1.644m to enhance the quality of play and fitness provision for young people and adults. This will be funded from S106 monies (£229k) and £1.07m council funded and seek to find the remaining fund externally. £580k in 2023/24 is the remaining amount out of £1.07m approved as council contribution.	440,000	580,000	0	0	0	1,020,000
Total People are supported to maintain or improve their health, wellbeing & quality of life			**440,000**	**580,000**	**0**	**0**	**0**	**1,020,000**
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring								
Resources and Transformation	Replacement of 'tablet' technology	A 'tablet replacement rollout' programme is required and it will be phased over 2024/25 and 2025/26. Allocation of £2.25m approved in 2022/23. Further allocation of £2.25m rephased from 2023/24 to 2024/25 & 2025/26	0	0	1,125,000	1,125,000	0	2,250,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Resources and Transformation	Card payments, Digital Website	To ensure the council remains compliant and allows for citizens to pay for services online.	0	100,000	100,000	0	0	200,000
	Telephony - Cloud based system	Transfer all of our incoming phone lines to new technology, potentially replace desk phones with headsets and implement Microsoft telephony.	326,467	150,000	0	0	0	476,467
	Maintaining a safe and secure environment	Hardware & software upgrades to maintain compliance to current standards eg BACS software & banking	2,957,527	200,000	0	0	0	3,157,527
	Other schemes carried forward from previous years requiring completion	Council House Internal Decoration	30,218	0	0	0	0	30,218
		Civic Centre Plumbing	36,600	0	0	0	0	36,600
		Council House Smoke & Heat Detection Fire Alarm	326,920	0	0	0	0	326,920
		MyCMIS	13,796	0	0	0	0	13,796
		Proud – ICT	82,992	0	0	0	0	82,992
		Enabling Technology	4,790,690	0	0	0	0	4,790,690
		Smartphones	274,342	0	0	0	0	274,342
		Civic Centre Heating	1,096,646	0	0	0	0	1,096,646
		Council House Windows	1,287,025	0	0	0	0	1,287,025
		Council House General Heating	2,123,560	0	0	0	0	2,123,560
		Operational Repair & Maintenance of Council Buildings	150,944	0	0	0	0	150,944
		Council House Roof Repairs	1,470,000	0	0	0	0	1,470,000
		Willenhall Lane Travellers Site	9,686	0	0	0	0	9,686
Council Wide	Other schemes carried forward from previous years requiring completion	Flexible Use of Capital Receipts	4,000,000	0	0	0	0	4,000,000
Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring			**18,977,413**	**450,000**	**1,225,000**	**1,125,000**	**0**	**21,777,413**
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential								
Children's, Education & Customer Engagement	School Condition Survey	Ongoing provision to cover school conditions.	0	250,000	250,000	250,000	250,000	1,000,000
	School Temporary Classrooms	Ongoing provision for improving / replacing permanent mobile classrooms when they reach a state of disrepair. This has been held corporately to fund emergency costs arising.	0	250,000	250,000	250,000	250,000	1,000,000
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			**0**	**500,000**	**500,000**	**500,000**	**500,000**	**2,000,000**

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Children and young people grow up in connected communities and feel safe everywhere								
Children's, Education & Customer Engagement	Other schemes carried forward from previous years requiring completion	Children in care Out of Borough Placements	133,203	0	0	0	0	133,203
Total Children and young people grow up in connected communities and feel safe everywhere			**133,203**	**0**	**0**	**0**	**0**	**133,203**
The people of Walsall feel safe in a cleaner, greener Borough								
Economy, Environment & Communities	Waste Management Strategy	Strategic acquisition of property to support the future delivery of the council's waste management strategies.	0	2,069,970	0	0	0	2,069,970
	Capitalisation of wheeled bin stock	Linked to revenue savings option. Wheeled bin stock capitalisation	0	180,000	180,000	180,000	180,000	720,000
Total The people of Walsall feel safe in a cleaner, greener Borough			**0**	**2,249,970**	**180,000**	**180,000**	**180,000**	**2,789,970**
Total Prior Year Approval Schemes			**28,265,767**	**14,865,075**	**23,885,628**	**5,860,472**	**680,000**	**73,556,942**

A3 - Development Investment

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place								
Council Wide	Development investment	Funding for development investment opportunities. This to include additional match funding costs if required to support projects in planning / development, subject to approval of a full business case by Cabinet to access these funds. See **A5 below** for indicative list of development schemes.	14,823,230	4,384,177	21,255,407	5,164,750	1,371,688	46,999,252

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Economy, Environment and Communities	High Streets Fund - further match funding	This project was approved by Cabinet 21 April 2021 - To part match fund external/council funds to invest in Walsall to deliver a much-needed boost to our high street. Originally £3,727,171 in 2024/25 and £1,067,476 in 2025/26. Rephased to 2025/26 and 2026/27. £315,353 also rephased from 2022/23	0	0	0	4,042,524	1,067,476	5,110,000
	Willenhall Masterplan	Willenhall Garden City Phase 1 is part of a housing-led regeneration programme with public sector intervention in land assembly and gap funding required to support private sector delivery of new homes.	2,236,484	6,420,927	0	0	0	8,657,411
	Street Lighting	Approved contribution by Cabinet 16 June 2021 - To deliver a modern, energy efficient street lighting solution that provides the ability to finely control light output whilst significantly reducing energy consumption and contributing to the Council becoming carbon neutral by 2050.	3,237,260	4,280,112	0	0	0	7,517,372
	Creative Industries Enterprise Scheme	A cultural development funding bid has been submitted to support the additonal £3m required and there are other external funding options available but the business case requires approval back to Government prior to any known outcomes and council underwriting, should other external funding not be successful, is required to take this forward	0	0	2,640,000	500,000	0	3,140,000
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**20,296,974**	**15,085,216**	**23,895,407**	**9,707,274**	**2,439,164**	**71,424,035**
People are supported to maintain or improve their health, wellbeing and quality of life								
Economy, Environment and Communities	Active Public Places	To deliver the full project scope of public realm works, canal bridge and basin works (approved by Cabinet)	0	0	1,000,000	744,000	0	1,744,000
Total People are supported to maintain or improve their health, wellbeing and quality of life			**0**	**0**	**1,000,000**	**744,000**	**0**	**1,744,000**

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Children and young people grow up in connected communities and feel safe everywhere								
Children's, Education & Customer Engagement	Children in care Foster Care refurbishment programme	This funding is provided to enable foster carers and special guardians for children in care by Walsall to enlarge their homes or in some circumstances, to obtain an alternative larger home.	0	150,000	150,000	0	0	300,000
Total Children and young people grow up in connected communities and feel safe everywhere			**0**	**150,000**	**150,000**	**0**	**0**	**300,000**
The people of Walsall feel safe in a cleaner, greener Borough								
Economy, Environment and Communities	Regional Materials Recycling Facility	Contribution towards the scheme approved by Cabinet on 4 September 2019 - Joint Working Arrangement with 5 partner councils in order to facilitate the delivery stage of a local authority owned Materials Recycling Facility. Approved contribution by Cabinet 17 March 2021.	121,199	929,054	0	0	0	1,050,253
	HWRC station - Middlemore Lane	This is additional budget required to cover the uncontrollable inflationary / construction pressures on the existing project. To provide a new Waste Transfer Station (WTS) and large Household Waste Recycling Centre (HWRC) at Middlemore Lane in Aldridge.	9,704,303	7,599,919	9,775,472	0	0	27,079,694
Total The people of Walsall feel safe in a cleaner, greener Borough			**9,825,502**	**8,528,973**	**9,775,472**	**0**	**0**	**28,129,947**
Total Development Investment			**30,122,476**	**23,764,189**	**34,820,879**	**10,451,274**	**2,439,164**	**101,597,982**

A4 - New Capital Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place								
Economy, Environment and Communities	Development Team capitalisation of posts	The Development Team structure is currently a Team Leader and 4 officers. Capitalising posts will enable further capacity to be introduced to the team to support delivery of the pipeline.	0	327,649	327,649	327,649	327,649	1,310,596
Resources and Transformation	Saddlers Project - Car Park/New toilets to support Connected Gateways	Car Park Surfacing works, Electric Vehicle charging, Changing Places and toilets plus further capital works to units during/post connected gateway scheme.	0	800,000	350,000	150,000	150,000	1,450,000
	Bosty Lane Farm	Remediation works at Bosty Lane Farm to allow disposal.	0	300,000	0	0	0	300,000
	Pilot Changing Places/Public Toilets	Bloxwich and Willenhall groundworks at £125k each.	0	250,000	0	0	0	250,000
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**0**	**1,677,649**	**677,649**	**477,649**	**477,649**	**3,310,596**
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring								
Resources and Transformation	Proud card payments, digital website etc) Corporate Card Payments Platform	Need additional funding: This project set out to replace the 20+ year old "middleware system (LGOL)" and to provide a corporate payments platform easily accessible to our residents and staff. There has been a reliance on 3rd party specialists throughout this implementation and this will continue until the end of the project with knowledge transfer taking place.	0	800,000	0	0	0	800,000
	Enabling support Services/OneSource System	Completion of Enabling Support Services Portal and integrated data source. Further investment into OneSource to maximise use of the system and integrate further with other council systems.	0	1,250,000	0	0	0	1,250,000
	Konica multi-functional device re-tender	Konica multi-functional device contract expires 23/24; options to extend the contract. A full tender will be required during 2025/26 and devices will need to be replaced 2026/27. Resource will be required to manage the device replacement programme.	0	50,000	0	0	50,000	100,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Resources and Transformation	Archiving of Systems moving to Customer Access Management being retired	Provision for archiving either systems or data within systems as and when they are retired where third party solutions are required.	0	100,000	100,000	100,000	100,000	400,000
	Enabling Technology	Data changes, contract or agreements and assessment requirements.	0	25,000	0	0	0	25,000
	Capitalisation of Capital Finance Team	Capitalisation of the team to enhance capital planning, financing & strengthen programme delivery	0	261,000	261,000	261,000	261,000	1,044,000
	Refurbishment Investment in Civic/Council House	Costs to refurbish and re-furniture the Civic/Council House site to deliver the newly agreed floor layouts and improved collaboration and training areas to meet corporate and service needs regarding hybrid working and presence with a purpose to achieve required changes across the site.	0	750,000	0	0	0	750,000
	Digital and Technology Service (DaTS) Staffing Capitalisation	DaTS will grow the internal team and knowledge to deliver capital projects which will reduce external consultants moving forward.	0	668,875	654,854	654,854	0	1,978,583
	Replacement of 'tablet' technology	A 'tablet rollout' programme will be completed in 2025/26 enabling agile working and the adoption of Office 365. Replacement required starting in 2026.	0	0	0	0	900,000	900,000
	Android Replacement programme	These devices will need to be replaced every 2-3 years as the versions of android become unsupported (an android replacement carried out in 2022/23).	0	0	200,000	0	0	200,000
	Data Back-up/Security replacement & Cloud Data back up	The current on-premise tape back-up solution will be end of life in 2024/25 - a replacement solution will be required to ensure that data is secured in line with the council's retention policy and to also ensure that it can be recovered should there be a disaster.	0	0	0	450,000	0	450,000
	WiFi Access Points and Licences	WiFi access points and associated licences have a 4 year lifespan in which they are compliant with PSN standards. In order to retain the council's PSN certification the Access Points and Licences will need to be replaced on a 3-4 yearly basis.	0	0	0	80,000	0	80,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Resources and Transformation	Chip & Pin Devices	Chip & Pin Devices and associated licences have a 4 year life span in which they are compliant with PCI standards. In order to retain the council's PCI Compliance, the Chip & Pin Devices and Licences will need to be replaced on a 3-4 yearly basis.	0	0	0	30,000	0	30,000
Central	Minor capital schemes <£100k	To fund minor capital schemes.	0	500,000	500,000	500,000	500,000	2,000,000
Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring			**0**	**4,404,875**	**1,715,854**	**2,075,854**	**1,811,000**	**10,007,583**
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential								
Children, Education & Customer Engagement	Free School	Funding towards providing a free school in the borough.	0	1,000,000	0	0	0	1,000,000
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			**0**	**1,000,000**	**0**	**0**	**0**	**1,000,000**
Our communities will be more resilient and supportive of each other								
Economy, Environment and Communities	Expansion of Park Hall	Resilient Communities capital schemes including potential expansion of new facility at Park Hall CA by creating another linked classroom on site and modular build at Alumwell.	0	580,000	0	0	0	580,000
Total Our communities will be more resilient and supportive of each other			**0**	**580,000**	**0**	**0**	**0**	**580,000**
The people of Walsall feel safe in a cleaner, greener Borough								
Economy, Environment and Communities	Regional Materials Recycling Facility	Joint Working Arrangement with 8 partner councils in order to facilitate the delivery stage of a local authority owned Materials Recycling Facility. Approved contribution by Cabinet 17 March 2021.	0	600,000	0	0	0	600,000
Total The people of Walsall feel safe in a cleaner, greener Borough			**0**	**600,000**	**0**	**0**	**0**	**600,000**
Total New Capital Schemes			**0**	**8,262,524**	**2,393,503**	**2,553,503**	**2,288,649**	**15,498,179**
Total Draft Capital Programme – Council Funded Schemes			**58,911,328**	**51,538,788**	**65,747,010**	**23,512,249**	**10,054,813**	**209,764,188**

A5 - Development Schemes – subject to business case approval.

Children's, Education & Customer Engagement

- **High Needs Capital Provision SEND (Special Education Needs) Places** - Funding to support the current Special Education Needs within the Borough, where the grant received falls short of the places needed.
- **Temporary Accommodation** - Significant Capital investment into current temporary accommodation blocks or acquisition budget to purchase relevant properties across the borough if available to support a dispersed accommodation strategy and improve outcomes.

Economy, Environment and Communities

- **Electric Vehicle charging points installation -** Installation of 844 charging points across Walsall's council owned assets to retain and operate to generate future income stream in conjunction with the removal of new petrol and diesel cars being sold by 2030.
- **Moat Street/Villiers Street** - Phase 1 of the Willenhall Framework Plan comprising the delivery of 111 new homes.
- **Willenhall Framework Plan future phases** - identifies three potential further phases where council intervention may be required to support delivery of new housing given ownership and viability issues.
- **Gasholders** - This council owned site is located in the Black Country Enterprise Zone and forms a key part of Walsall's employment land supply. Work is being undertaken to provide an up to date site appraisal but previous work has indicated a viability gap.
- **Anson Road -** The site is owned by Severn Trent and is not a priority for delivery due to viability and delivery issues. Severn Trent have indicated they are willing to consider disposal. The site forms a key part of Walsall's employment land supply and funding would support acquisition and delivery costs.
- **Walsall Gateway -** The sites are in multiple private ownerships and has been identified as an opportunity to bring forward new residential development in a sustainable location. A Strategic Delivery Plan is due to be prepared to inform future stages which are likely to focus on land acquisition, addressing abnormal costs and procuring a developer.
- **Challenge Block** - A new medical centre is currently being delivered on part of the Challenge Block site and work has commenced to identify the most suitable use for the balance. The council has a significant landholding but funding will be required to undertake land assembly to enable a comprehensive approach to future development.
- **Saddlers Quay -** Public sector intervention likely to be required to bring forward the site for development and address the ongoing issues. "Total Homes" to build 222 flats. Council to balance the viability gap.
- **Station Street Town Centre Living -** The site is in multiple private ownerships and has been identified as an opportunity to bring forward new residential development in a sustainable location. Due diligence work has been undertaken and a proposed delivery approach identified focused on land acquisition, addressing abnormal costs and procuring a developer.
- **Additional cameras -** Additional coverage for crime and anti-social behaviour.
- **Development of Oak Park office space -** To create additional functional fitness spaces to expand classes and generate extra income.

- **North Walsall Cemetery-concrete rafts** - Block installation of concrete foundation rafts at North Walsall Cemetery.
- **Pro-active repair and maintenance of roads and pathways at all cemeteries** - The council has an obligation to minimise health and safety risks for all staff and cemetery users. In addition to that, it is legally required to keep the cemeteries in good condition.
- **New Art Gallery** - Refurbishment works including LED (light emitting diode) and audio recording equipment, solar panel installation, digital infrastructure, footfall monitoring, heating and ventilation works, toilet and library refurbishment in support of external funding.
- **Household Waste Recycling Centre (HWRC)** - Fryers Road - to provide a new Household Waste Recycling Centre at Fryers Road.
- **In house operation of HWRC's** - The operating model for HWRCs is being reviewed in parallel with the construction of the new Middlemore Lane site. There may be revenue savings from bringing this contract in house. The council would need to purchase equipment for the site.
- **York Bridge** - review of scheme being undertaken and potential requirements to deliver the scheme.
- **Traffic Signals Infrastructure** - additional funding to replace obsolete traffic signals infrastructure. Existing rolling budget of £200k.
- **Highways Maintenance** - additional request on top of rolling budget due to current inflationary pressures and increased labour and material costs - the existing rolling budget is for Highway maintenance as the council has a legal responsibility to maintain the highway network.
- **Nottingham Drive Car Park** - Car park improvements on land being purchased by WMBC. Planning permission is in place but construction must commence by January 2023.
- **Brown Jug Compulsory Purchase Order (CPO)** - This is a derelict site, with the potential to CPO to facilitate housing (c up to 10-15 units maximum). There is currently no scheme currently to quantify, hence only the land CPO costs have been included plus legal/tax and contingency.

Resources and Transformation

- **Remediation works at the Gasholders site on Darlaston Road to allow disposal**
- **Continuation of Enabling Technology** - established to provide a core technology platform which would support the council's transformation.
- **Transforming Social Care System** - Adults and Children's use a number of social care systems which are currently hosted in the council's on-premise data centre. Should the data centre fail, these critical systems will not be accessible.

B: Capital Programme 2023/24 to 2026/27 – Externally Funded Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place								
Economy, Environment & Communities	High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time, as announced by MHCLG (now Department for Levelling Up, Housing & Communities - DLUHC) on 26 December 2020.	2,204,012	4,783,964	0	0	0	6,987,976
	LTP Highway Maintenance Programme	This capital funding, known as the maintenance block, is distributed by the Integrated Transport Authority (ITA). As the Highway Authority we have an extremely high profile duty to maintain our highway network. This money is provided by the Department for Transport via the ITA with the condition that it should be spent on the classified road network. Includes allocation for potholes and bridge strengthening.	0	3,568,700	3,568,700	3,568,700	3,568,700	14,274,800
	Integrated Transport Block Funding	The Government provides each locality with grant funding to help implement the Local Transport Plan in their area. The grant is used for the implementation of small scale capital schemes; development of major capital schemes and to part fund major schemes implementation costs. The programme is designed to address road safety issues, progress the Council's major scheme aspirations; and resource the required 'local contributions' to approved major schemes. (Department for Transport / West Midlands ITA).	1,031,079	1,563,100	1,563,100	1,563,100	1,563,100	7,283,479

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Economy, Environment & Communities	Levelling Up Fund	£20 million announced on 19 January 2022 by the Department of Levelling Up, Housing and Communities, to kickstart the delivery of over 500 new homes connecting local people in Willenhall to jobs, parks and new rail station.	0	2,765,534	17,234,466	0	0	20,000,000
	Other schemes carried forward from previous years requiring completion	M6 Junction 10 Highway Improvements	939,955	0	0	0	0	939,955
		Local Transport Plan - Yorks Bridge	131,000	0	0	0	0	131,000
		Barr Beacon Security & Infrastructure works	61,000	0	0	0	0	61,000
		Electric Vehicle Charging Point Installation	254,040	0	0	0	0	254,040
		Limescale Surveys	117,429	0	0	0	0	117,429
Resources and Transformation	Towns Deal	In 2021/22, Walsall and Bloxwich were successful in being awarded £21.3m from DLUHC for each town. A grant offer has been received, which has been accepted by the signing of a Heads of Terms. Working with the Town Deal Board and Partners, a Project Confirmation Table has been submitted for each project, with an underwriting requirement from the Council of £5.48m as the Council's share of the shortfall compared to the awarded allocation. This is subject to formal completion of a full business case for all of the projects.						
		Walsall Towns Deal - Council contribution.	3,439,487	3,020,316	6,129,952	2,463,731	0	15,053,486
		Bloxwich Towns Deal – Council contribution.	169,858	6,356,604	8,662,988	4,929,408	0	20,118,858
	Changing Places Toilets (CPT)	S31 Funding from DLUHC to invest in Council owned or facilities owned by others. CPTs are disabled toilet facilities for those with complex needs including a hoist.	0	171,650	0	0	0	171,650
	Other schemes carried forward from previous years requiring completion	Land & Property Investment Fund	22,185,170	0	0	0	0	22,185,170
		Growing Places Fund	1,383,851	0	0	0	0	1,383,851
Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place			**31,916,881**	**22,229,868**	**37,159,206**	**12,524,939**	**5,131,800**	**108,962,694**

<table>
<tr><th>Directorate</th><th>Capital Scheme</th><th>Detail of Capital investment</th><th>Draft carry forward from 2022/23
£</th><th>2023/24
£</th><th>2024/25
£</th><th>2025/26
£</th><th>2026/27
£</th><th>Total
£</th></tr>
<tr><td colspan="9">People can access support in their community to keep safe and well and remain independent at home</td></tr>
<tr><td rowspan="5">Children's, Education & Customer Engagement</td><td>Disabled Facilities Grant</td><td>This project directly supports the council’s statutory requirement to provide disabled facility grants (DFGs). The project has a direct positive impact on the number and subsequent varied costs to the council from the increasing level of demand for home adaptations.</td><td>0</td><td>3,314,771</td><td>3,314,771</td><td>3,314,771</td><td>3,314,771</td><td>13,259,084</td></tr>
<tr><td>Integrated Community Equipment Store (ICES)</td><td>Supplies equipment to people with both a social care and a health need on an assessed needs basis. This is a pooled budget between the CCG and the council, this capital funding will be used to purchase this equipment which will enable people to return home or continue to remain at home. This now forms part of the Better Care Fund (BCF) for which the council is host. (Department of Health).</td><td>0</td><td>888,000</td><td>888,000</td><td>888,000</td><td>888,000</td><td>3,552,000</td></tr>
<tr><td rowspan="3">Other schemes carried forward from previous years requiring completion</td><td>Purchase of Dispersed Temporary Accommodation</td><td>1,383,915</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1,383,915</td></tr>
<tr><td>Off Gas Scheme</td><td>74,025</td><td>0</td><td>0</td><td>0</td><td>0</td><td>74,025</td></tr>
<tr><td>Social Housing Decarbonisation</td><td>607,200</td><td>0</td><td>0</td><td>0</td><td>0</td><td>607,200</td></tr>
<tr><td colspan="3">Total People can access support in their community to keep safe and well and remain independent at home</td><td>2,065,140</td><td>4,202,771</td><td>4,202,771</td><td>4,202,771</td><td>4,202,771</td><td>18,876,224</td></tr>
<tr><td colspan="9">The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</td></tr>
<tr><td>Resources and Transformation</td><td>Low Carbon Heating Project - Civic Centre / Town Hall / Council House</td><td>Low Carbon Heating Project funding (from BEIS - The Department for Business, Energy and Industrial Strategy via Public Sector Decarbonisation Scheme - Phase 3b) for Civic Centre/Town Hall/Council House for £3.6m for installation of the Air Source Heat pump and Solar PV</td><td>0</td><td>2,339,062</td><td>1,332,688</td><td>0</td><td>0</td><td>3,671,750</td></tr>
<tr><td colspan="3">Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</td><td>0</td><td>2,339,062</td><td>1,332,688</td><td>0</td><td>0</td><td>3,671,750</td></tr>
</table>

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential								
Children's, Education & Customer Engagement	Basic Need	Paid to Local Authorities to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies & establishing new schools (Department for Education-DfE).	20,003,628	10,748,251	0	0	0	30,751,879
	Devolved Formula Capital	Received by the Local authority then allocated out to individual schools as per allocations defined by the DfE. It is intended to provide schools with capital funding for improvement to buildings and other facilities, including ICT, or capital repairs / refurbishments and minor works. (Department for Education).	0	510,228	510,228	510,228	510,228	2,040,912
	Capital Maintenance	Allocated to the Local Authority on an annual basis to improve and maintain the condition of the school estate (buildings and grounds). Investment is prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues. (Department for Education).	2,132,238	3,888,380	3,888,380	3,888,380	3,888,380	17,685,758
	High Needs Provisional Capital allocation	High Needs Provisional Capital Allocation (HNPCA) funding is paid to Local authorities to support the capital requirement for providing new SEND (Special Educational Needs and Disabilities) pupil places by expanding/improving existing maintained schools, free schools or academies. Confirmed Allocation for 2023/24.	5,734,060	4,365,293	4,365,293	4,365,293	4,365,293	23,195,232
	Other schemes carried forward from previous years requiring completion	Academies	296,130	0	0	0	0	296,130
Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential			**28,166,056**	**19,512,152**	**8,763,901**	**8,763,901**	**8,763,901**	**73,969,911**

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Children and young people grow up in connected communities and feel safe everywhere								
Children, Education & Customer Engagement	Family hubs and Start for Life programme,	To support the implementation of the Family Hub and Start For Life Programme which is aimed at providing families with the integrated support they need to care for their children from conception, throughout early years and into the start of adulthood. The capital element of the grant will be used to purchase / improve current data records management systems linked to documenting outcomes of the programme initially and then may be required to purchase equipment needed to support the programme ongoing. Funding from Department for Education and Department of Health and Social Care	0	76,850	64,250	0	0	141,100
Total Children and young people grow up in connected communities and feel safe everywhere			**0**	**76,850**	**64,250**	**0**	**0**	**141,100**
The people of Walsall feel safe in a cleaner, greener Borough								
Economy, Environment & Communities	Walsall Urban Tree Challenge Fund	Working in partnership with Trees for Cities - a joint application was made to the Forestry Commission. The project will plant 360 extra heavy standard trees in wide verges or small open spaces. The grant covers 50% of the cost of tree purchase and 50% of maintenance costs.	0	46,437	15,734	0	0	62,171
Total The people of Walsall feel safe in a cleaner, greener Borough			**0**	**46,437**	**15,734**	**0**	**0**	**62,171**
Total Draft Externally Funded Capital Programme			**62,148,077**	**48,407,140**	**51,538,550**	**25,491,611**	**18,098,472**	**205,683,850**

Summary Capital Programme	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Council Funded Schemes	58,911,328	51,538,788	65,747,010	23,512,249	10,054,813	209,764,188
External Funded Schemes	62,148,077	48,407,140	51,538,550	25,491,611	18,098,472	205,683,850
Total Draft Capital Programme	**121,059,405**	**99,945,928**	**117,285,560**	**49,003,860**	**28,153,285**	**415,448,038**

Capital Investment Summary by Directorate

Directorate	Draft carry forward from 2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Adult Social Care, Public Health and Hub	0	0	0	0	0	0
Children's Services and Customer Engagement:						
- Children's Services	28,582,859	21,239,002	9,478,151	9,263,901	9,263,901	77,827,814
- Customer Engagement	2,065,140	4,689,771	4,689,771	4,689,771	4,689,771	20,824,224
Economy, Environment and Communities	26,906,943	48,109,951	61,020,749	17,541,445	9,866,925	163,446,013
Resources and Transformation	44,213,073	20,023,027	19,341,482	10,843,993	1,461,000	95,882,575
Central / Capital Financing	19,291,390	5,884,177	22,755,407	6,664,750	2,871,688	57,467,412
Total	**121,059,405**	**99,945,928**	**117,285,560**	**49,003,860**	**28,153,285**	**415,448,038**

Part 1 Annex 10 – Flexible Use of Capital Receipts Strategy

The 2015 Autumn Statement announced a new flexibility for local authorities to use new capital receipts to fund expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or demand for services in future years. The flexibility was initially made available until March 2019, and then extended for a further 3 years to March 2022.

Following that, in February 2021 as part of the local government settlement for 2021/22 the Secretary of State announced a further extension of these flexibilities for the for 3 years from 2022/23 – covering the period up to March 2025.

Councils can only use sale proceeds realised over that period (1 April 2016 to 31 March 2025), and not existing receipts. Local authorities are required to publish their plans for the flexible use of capital receipts in a Strategy which must be approved by Full Council.

The Strategy should be approved before the beginning of each financial year. If changes are proposed to the Strategy during the course of the financial year, for example if a project is identified which can be funded using this flexibility, then the revised Strategy will require the approval of Full Council. Any revisions to the Strategy in-year must also be reported to the Ministry of Housing, Communities and Local Government.

Update to guidance in August 2022 stated that for the 2022-23 Strategy and in each future year, the Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

Qualifying Expenditure

Qualifying expenditure is that which is forecast to generate on-going savings to an authority's, or several authorities, and/or to another public sector body's net service expenditure, or to transform service delivery.

Capital receipts can be applied to fund set up and implementation costs but not on-going revenue costs. Examples include:

- Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation
- Digital investment
- Improving systems to tackle fraud and corruption
- Setting up commercial or alternative delivery models
- Investment in service reform – setting up pilot schemes
- Sharing back-office and administrative functions with other councils/public sector bodies
- Integrating public facing services across two or more public sector bodies

As per the updated guidance of August 2022, this list is not meant to be prescriptive or exhaustive. Individual authorities who have projects that will generate ongoing savings that are not included in the list provided in the Guidance can apply the flexibility to fund those projects.

Summary of planned receipts

Capital receipts performance across the qualifying period has been reviewed. This has confirmed that up to £4m of Capital receipts which have been realised during this period have not yet been utilised within the capital programme undertaken over that time and are therefore currently available, without any increase to existing assumptions regarding borrowing required to support the capital programme.

Summary of Planned Use

From 2020/21 onwards the council set out a new approach by which the overall financial savings requirement is expected to be delivered via Proud work stream activity. Walsall Proud (WP) is an extensive and ambitious change agenda with initiatives designed to modernise the way the council works, deliver improved services to customers whilst delivering financial savings through efficiencies. As such the full savings approved of £18.86m for 2022/23 and £15.71m for 2023/24 will align to Proud work streams and be delivered as part of the transformational activity of the council.

A number of these transformation savings have associated one off costs to enable delivery, and therefore is qualifying expenditure appropriate to the 'Flexible Use of Capital Receipts' (FUOCR) funding that is available to support them.

No use was made of the FUOCR funding during 2021/22.

Approved Projects 2022/23

The 2022/23 FUOCR Strategy detailed that the full £4m of FUOCR was planned to be utilised in 2022/23. The table below details the approved projects and current forecast usage of FUOCR against these original plans. Figures shown are forecasts and as such are subject to change at financial year end 2022/23. Should the qualifying expenditure exceed the current forecast of £2.83m, the value of proposed spend on projects in 2023/24 will reduce in line with this. Likewise, should the final 2022/23 use of FUOCR reduce, the value of proposed expenditure in 2023/24 will increase. Should this change require extension beyond the currently proposed projects, an updated FUOCR Strategy will be reported at the earliest opportunity. Use of FUOCR over the period 2022/23 and 2023/24 will not exceed the £4m available overall.

Proposed Area	Project Area / Work Stream	Planned Expenditure 2022/23 (£m)	Forecast Expenditure 2022/23 (£m)
Walsall Proud Transformation and Change and Project Management Support	CAM / All Proud Workstreams	0.87	0.30
One-Off Proud Workstream Investment to Deliver Proud Savings – See below	Older People and Front Door projects in Adult Social Care	0.11	0
	Adult Social Care – see below	1.25	1.25
Service restructuring and rationalisation (interim support to create additional capacity, redundancy, pension strain, etc) costs associated with organisation redesigns to deliver the changes in Proud ways of work	All Proud workstream projects	1.77	1.28
Total		**4.00**	**2.83**

Additional Transformation and Change and Project Management Support

The current Forecast shows planned expenditure of £0.30m compared to planned expenditure of £0.87m. The £0.57m forecast underspend in this area has largely been a result of delays in recruiting to fixed term posts to support Proud work stream delivery. Although this has reduced the availability of business change support across Council services, resources have been allocated to priority areas to support delivery of savings.

£18.20m of the £18.86m of budgeted 2022/23 Proud savings and carried forward 2021/22 unachieved savings of £5.36m (total £24.22m) are forecast for delivery in 2022/23. Of the remaining £6.02m of at risk savings, £3.68m are expected to be carried forward for monitoring in 2023/24 with the remaining £2.34m expected to be delivered as full year effects in 2023/24.

One-Off Proud Workstream Investment to Deliver Proud Savings

£0.11m of expenditure was forecast to support single handed care training in 2022/23. Due to a changed focus in the delivery of savings related to the Older People and Front Door projects in Adult Social Care no expenditure has been incurred in this area.

£1.25m of one off expenditure is forecast to be utilised to support delivery of 2022/23 budgeted savings related to Strength Based Practice and Outcome Based Commissioning of £8.17m savings with a further £2.96m carried forward for delivery from 2021/22 (total £11.13m). Of this £11.13m, £8.09m is forecast to be achieved in 2022/23, with the remainder to be delivered in full in 2023/24.

Service restructuring and rationalisation

As set out in the updated direction, discretionary redundancy payments cannot be included as qualifying expenditure and must not be capitalised under the direction. An authority may capitalise redundancy payments that are necessarily incurred and limited to the amounts available as statutory redundancy payments. This restriction does not apply to other severance costs, including pension strain costs; the treatment of these costs remains unchanged from the previous direction.

As such, the current full year forecast is expenditure of £1.28m against the previously planned figure of £1.77m. This variance is the result of the difficulty in accurately forecasting redundancy and severance costs in advance of the completion of service restructures and redesigns, as well as the delay in a number of restructures which will now be completed in 2023/24.

The forecast £1.28m of expenditure in this area is helping to deliver ongoing revenue savings of £1.45m, £1.00m of which is forecast to be delivered in 2022/23, with a further £0.45m forecast to be delivered as a full year effect in 2023/24. One of the redundancies included forms part of plans for delivery of a larger 2023/24 budgeted saving of £4.47m.

Proposed Projects 2023/24

The Council proposes to utilise the remaining FUOCR not committed in 2022/23 in the 2023/24 financial year. Based on the current forecast given above this will total £1.17m but may change dependant on expenditure at year-end. A list of projects that plan to make use of the capital receipts flexibility is set out in the following table by area, with a narrative for each below detailing the associated savings. These are currently forecasts and as such, actual drawdown of FUOCR funds may differ between proposed areas, but will not exceed the £4m available over 2022/23 and 2023/24.

Proposed Area	Project Area / Work Stream	Qualifying Expenditure 2023/24 (£m)
Walsall Proud Transformation and Change and Project Management Support	CAM / All Proud Workstreams	0.50
One-Off Proud Workstream Investment to Deliver Proud Savings – See below	Adult Social Care – see below	0.36
Service restructuring and rationalisation (interim support to create additional capacity, redundancy, pension strain, etc) costs associated with organisation redesigns to deliver the changes in Proud ways of work	All Proud workstream projects	0.31
Total		**1.17**

Additional Transformation and Change and Project Management Support

The majority of this additional resource is to support the Customer Access & Management (CAM) work stream. This work stream addresses the mechanisms available to us to manage a single view of the customer, improve their experience and introduce efficiencies in our ways of interacting with them. £4.47m of 2023/24 savings to be delivered are aligned to this work stream.

The remainder of the resource will provide support across multiple Proud work streams and as such support in the delivery of the overall 2023/24 saving of £15.71m.

One-Off Proud Workstream Investment to Deliver Proud Savings

The below table details one off investment required to directly support the delivery of specific budgeted Proud savings.

- Savings related to Strength Based Practice and Outcome Based Commissioning will support delivery of the ASC 2022/23 saving carried forward for delivery in 2023/24. This is currently forecast at c£2.72m.

Project	Saving Area	Qualifying Expenditure 2023/24 £m
Strength Based Practice and Outcome Based Commissioning: *People and Practice Project*: Development of Strength Based Practice and People Development, *Operations Project*: Case File Reviews, *Technology Project*: Community technology opportunities, Commissioning (care cubed and contract management system), Programme Governance Project: Development of the Target Operating Mode and Management support	OP83/92/109 - Efficiencies attributed to implementation of All Age Disability approach and development of a new Target Operating Model; OP84 - Staffing impact following the implementation of Bettercare Finance System; OP89 - Reduction in new clients achieved through strength based working practices and development of resilient communities' framework; OP90 - Efficiencies attributed to the review of existing Older People, Learning Disability and Mental Health clients through strength based practice and development of new Target Operating Model; OP91 - Efficiencies attributed to the review of day care provision through strength based practice and development of new Target Operating Model; OP94 - Review of funding streams to support demand management; OP97 - Review of Resources including Goscote Centre and development of new Target Operating Model; OP113 part - Efficiencies attributed to the implementation of Bettercare Finance System.	0.36

Service restructuring and rationalisation

Of the £15.71m of savings proposed for 2023/24, approximately £6.74m align to staffing related work streams. Service restructuring and rationalisation costs will include costs of interim support to provide redesign capacity and capability, redundancy and pension costs, the latter of which will fluctuate dependant on the nature of the change, staffing situation within the service and pay and length of service. A 2023/24 forecast of c£0.31m is therefore expected for utilisation of these costs linked to the delivery of Proud savings. Based on the utilisation of £1.28m of this type of expenditure in 2022/23 there is scope for further use of FUOCR in this area should the balance carried forward from 2022/23 exceed the forecast £1.17m.

Updated proposed use of FUOCR is therefore as follows:

Proposed Area	Project Area / Work Stream	Total Expenditure (£m)
Walsall Proud Transformation and Change and Project Management Support	CAM / All Proud Workstreams	0.80
One-Off Proud Workstream Investment to Deliver Proud Savings	Adult Social Care	1.61
Service restructuring and rationalisation (interim support to create additional capacity, redundancy, pension strain, etc) costs associated with organisation redesigns to deliver the changes in Proud ways of work	All Proud workstream projects	1.59
Total		**4.00**

Any proposed spend in 2022/23 which is delayed will roll forward to be used in 2023/24 (and potentially 2024/25). Additionally, should the S151 Officer choose not to utilise the planned FUOCRS for 2023/24 in part or full, then up to the full £4m would be available in 2023/24. Plans above the £1.17m identified above would include:

- Further restructure and redesign costs of c£0.97m;
- Enabling and Support Services costs of c£0.56m relating to implementation of a self-service portal and improved transactional process efficiencies;
- £1.3m of costs including business analysts, agency and interim, project management costs to support delivery of work stream activity across the change agenda.

Impact on Prudential Indicators

The Strategy is also required to identify the prudential indicators that will be impacted by this investment. This impact is set out below:

- PrI1a. - Capital expenditure – Council Resources – increased by £4m.

No other prudential indicators are impacted.

The above impact on prudential indicators shows that this Strategy is affordable and will not impact on the council's operational and authorised borrowing limits. Further details on the council's Prudential Indicators can be found within the Treasury Management and Investment Strategy.

Monitoring

The Strategy will be monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure incurred

Part 1 Annex 11 – Chief Finance Officer (S151 Officer) Section 25 Report on the Adequacy of Proposed Reserves and Robustness of the Budget Estimates

Context

In accordance with Section 25 of the Local Government Act 2003 ("the Act") and to comply with CIPFA guidance on local authority reserves and balances, the Chief Finance Officer is required to formally report to members on the robustness of the estimates used for the purpose of calculating the budget and the adequacy of proposed reserves needed for meeting future expenditure requirements. The Chief Finance Officer (Under S151 of the Local government Act 1972) is appropriately qualified under the terms of Section 113 of the Local Government Finance Act 1988. In signing off this overall revenue budget report, the signature of the Interim Executive Director for Resources and Transformation who holds the position of Chief Finance Officer/S151 Officer, constitutes the formal declaration required under the Act that these conditions are met (based on the available information at the time of signing).

Reserves

It is prudent for councils to maintain an adequate level of general reserves (or working balance). They provide a buffer and mitigate against risks, such as unavoidable and unknown demand and other service cost pressures which may arise in the year; cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing; and support the management of the impact of any unexpected events or emergencies. Earmarked reserves are also set to meet 'known or predicted' requirements, for example, self-insured liabilities, grant reserves, contingent and potential liabilities. Reserves allow the council to manage the impact of these and to manage change without the need for immediate reductions in services. In the current financial climate arising primarily from a global pandemic, but also in the context of the United Kingdom's exit from the European Union, the importance of good financial management, including maintaining a prudent level of reserves and contingencies, cannot be over-estimated.

There is no overall formula for calculating what an appropriate level of reserves should be. Whilst the medium-term financial framework (MTFF) sets out a guide as to what should be a minimum level, the actual level is based on best practice guidance, best professional judgement, the strategic, operational, and financial risks facing the council, including an assessment of known and potential risks and an understanding of national and local factors.

A minimum level of reserves is specified in the Budget. The Council's MTFF sets a range of between 1% of gross revenue expenditure for the year in question (£7.22m) and 2.5% (£18.04m). However, Section 25 of the Act requires the Chief Finance Officer (CFO) to report on the adequacy of proposed reserves and to determine the minimum level which the Council is required to have regard to in setting the overall budget envelope.

The MTFF also sets out the authority's financial framework including, as the first of ten themes of operational principles, calls on reserves and contingencies. A key principle is that reserves should not be considered to be or used as a budget and any in-year calls on the working balance should be replenished. Services cannot approve unbudgeted expenditure on the assumption that it will be met from the working balance. This matter is reserved to the CFO, in consultation with the Portfolio Holder for Finance.

Adequacy of reserves

The CFO assesses and determines the appropriate level of reserves (including school's reserves), provisions and contingencies using a variety of mechanisms, including;

- Being significantly involved in the budget setting process, the annual financial cycle, and engaged in the strategic leadership of the organisation (through regular meetings with the Chief Executive, other Statutory Officers, and the Corporate Management Team);
- The refresh of the medium-term financial framework (MTFF) and outlook (MTFO);
- Challenging the budget at various stages of construction, including the reasonableness of the key budget assumptions, such as estimates of financial pressures, the realism of income targets, the robustness of plans to deliver savings, and the extent to which known trends and liabilities are provided for;
- Review of financial risk assessments;
- Review of the movements, trends and availability of contingency, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future potential pressures and issues;
- The use of professional experience and best professional judgement;
- The use of appropriate professional, technical guidance and local frameworks (CIPFA guidance, LAAP99, Local Government Act 73, Localism Act 2011);
- Knowledge and involvement of colleagues involved in the process, including Directors and budget holders, along with finance business partners;
- Consultation with Members as appropriate, including the Portfolio Holder for Finance;
- Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements and external assurance of these;
- Review of the current year's financial performance in services, actions to address areas of pressure, known future service delivery changes, the level of schools reserves and the financial performance of schools;
- Review of national and local economic, market, legislative and financial conditions.

A risk assessed approach is used to determine the required level of reserves and contingencies. This includes external risks; including the cost of living impact on services and residents, the legacy of the pandemic, national policy changes, legislation, national funding arrangements and levels of support available, changes in market, employment and economic conditions, service user behaviours (e.g. impact on income projections); and internal risks such as the ability to deliver planned savings. The MTFF is regularly updated and approved by Cabinet to reflect the changing environment in which we work. Reserves and contingencies are addressed within the Framework.

In the current climate, there continues to be significant uncertainties around funding, particularly in light of the impact of cost of living pressures, delayed changes to funding mechanisms, the continued use of one off grants and a one year settlement for 2023/24.

The continued need to make savings whilst driving improvements in customer and employee satisfaction over the medium term through Proud transformation and maintaining the organisational capacity to deliver this at the required scale and pace also creates risk. It is therefore prudent to consider contingency plans should in year reporting arrangements identify that planned savings may be delayed. Alongside the deferred national Funding and Social Care charging reform policy changes and any ‘unknown’ demographic and demand cost pressures, this increases organisational risk and therefore the need for adequate levels of reserves to be maintained in current and future years.

The level of opening balances for 2023/24 is partially dependent on the level of closing balances for 2022/23. The following details general reserves as at 31 March 2022, together with the proposed use of and transfer to reserves, and the resulting balance as at 1 April 2023, to secure the opening level of reserves recommended by the Chief Finance Officer.

Opening General Reserves	**£m**
Balance as at 1 April 2022	(19.19)
Transfer of 2021/22 underspend to Earmarked Reserves	1.49
Potential transfer of in year forecast overspend (as at December 2022 monitoring position)	0.00
Estimated closing balance as at 31 March 2023	**(17.70)**
Transfers to earmarked reserves to meet forecast risks	1.58
Opening Balance as at 1 April 2023	**(16.12)**

This level of balances is considered prudent for a number of reasons:

- Uncertainty over the level of funding going forward, particularly in light of the continuing impact of cost of living pressures, the legacy of the pandemic on costs and income, supply chain issues and the fundamental changes in relation to central funding and business rate retention;
- Operational, strategic and financial risks facing the authority, as set out in this statement;
- The council is not permitted to budget for a level of general reserves below that determined by the MTFF and the S151 officer;
- Balances are predicated on total savings of c£15.71m being achieved in 2023/24, plus a further c£6.02m of carried forward of 2022/23 savings in relation to Adults and Children’s Social Care. Whilst an assessment of plans has been undertaken, it is prudent to hold a contingency to manage any delay in delivery of savings or additional ‘unknown’ costs, particularly in light of the pandemic;
- Uncertainty around future demand led services, specifically within Adult and Children’s Social Services.

The CFO has assessed the current year’s financial performance and actions taken to address underlying pressures. In considering this, alongside the financial risk assessment, previous years’ financial performance, and the potential risks and pressures facing the organisation, the CFO recommends that opening reserves are set at no less than £16.12m. This is based on the following assessed categorises of financial risk:

Financial Risk Assessment	**£m**
Funding risks – fall out of grant, council tax changes, etc	1.93
Cost / Demand Pressures including national, economic and legislative impact	13.18
Loss of Income / Investments	1.01
Assessed General Reserve Requirement	**16.12**

Earmarked Reserves

The council maintains a number of reserves, earmarked for specific purposes, all of which are set at the levels required to meet future commitments. These cover:

- Council liabilities - These reserves cover expenditure where the council has a legal obligation to pay costs, however the timing of which is not yet known, such as redundancies, legal costs, business rate appeals, insurance claims, pension costs. Once the timing and liability is known, the liability becomes a provision within the financial statements;
- Grants received in advance (where the council has received money in advance of the next accounting period or money that covers more than one accounting period), which will be spent in line with the grant conditions;
- Legacy Covid-19 reserves to be used to support the impact of Covid-19 on the collection fund;
- Treasury reserves - These reserves are to minimise the impact of interest rate changes and finance early redemption of loans to reduce the council's future exposure to interest rates;
- Demand - These reserves are primarily to provide short term additional funding for Children's and Adult Social Care where a spike in demand may create overspends, but the likelihood is still uncertain. Additionally, an amount is provided for Housing Benefits;
- Proud and Projects - These reserves are to finance service transformation, major capital projects, and regeneration of the borough;
- Schools' reserves held by, but not controlled by, the council.

An annual review of earmarked reserves is undertaken, and funds adjusted as required or released where liability is assessed as ceased. The expected level of earmarked reserves as at 1 April 2023 is as follows and is considered reasonable and prudent

Earmarked Reserves	**£m**
Balance as at 1 April 2022	(217.17)
Created in year – provision for Cost of Living	(1.54)
Expected to be used (transfers from) in year*	56.29
Transfers to in year*	(6.95)
Replenishment of risk reserve	(2.67)
Estimated Closing Balance as at 31 March 2023	**(172.04)**
Net transfers to / use of earmarked reserves in 2023/24 Budget	(3.67)
Estimated Opening Balance as at 1 April 2023	**(175.71)**

**As per monitoring reports to CMT and Cabinet throughout 2022/23, this is the planned/ approved transfer to and use of earmarked reserves in year, primarily the use of grants.*

Central Contingency

As well as general and earmarked reserves, the council holds a small revenue contingency to manage unforeseen but recurring expenditure. The contingency is held centrally and is calculated between 0.1% and 0.15% of the year's gross revenue budget. For 2023/24 this is to be set at £1.08m (the higher level).

A prudent central capital contingency is also held, not exceeding 10% of the annual council funded element of the capital programme requirement, to accommodate unforeseen /

unbudgeted expenditure (i.e. where, due to the level of uncertainty, the financial impact is not certain at the time of setting the programme). The exact level is set by the CFO. The contingency will be funded either from drawing down the earmarked capital reserve or from an annual revenue contribution to capital outlay from the project reserve (subject to there being sufficient funds to replenish this at year end). For 2023/24 this is to be set at £500k, which is based on past requirements. Given the uncertainty around capital investment costs however, there is potential to use part of the pipeline investment capital fund within the 2023/24 capital programme to manage any further volatility in costs, which along with robust business cases and careful management of scheme funds, should be sufficient to manage the overall programme in 2023/24.

Schools Reserves

The CFO, as part of this statement, is required to confirm that school's balances are adequate. In 2006/07, DfES introduced expectations on local authorities with regard to their schemes of financial management. Part of this legislation required schools to agree a balance control mechanism. This mandatory requirement was subsequently removed. The council and Walsall Schools Forum considered the options around balance control and given the authority powers to investigate and claw back balances in excess of a specified percentage of the school budget share. The council notes that the latest Academies handbook has removed the need for balance control for many academies.

Schools Forum is mindful of value for money in all that schools do, looks for medium term financial planning and encourages an adequate working balance as part of that process. This is supported by regular reports to the Schools Forum on medium term funding and more recently linking value for money and performance.

The adequacy of balances is reviewed annually by the CFO. For the current financial year 1 school is operating a licensed deficit and has worked with the council to implemented actions required to return to an in-year surplus from 2023/24.

The overall levels of schools reserves is kept under regular review, along with any exceptional balances, and based on school monitoring submissions for 2022/23 the level of schools reserves are forecast to move from an opening balance of £12.73m to a closing balance of £8.65m, a planned reduction of £4.08m which is mainly linked to the need to fund pay awards and increased energy costs.

Overall Assessment of Reserves

An opening level of general reserves of not less than £16.12m is considered to be sufficient for most possible events, over the short-term i.e., for 2023/24. The council will continue to face real and present financial challenges beyond this. In the context of this funding environment, wherever possible, reserves will be at least maintained during 2023/24 and beyond.

In recommending an adequate level of reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of reserves and balances and compares these to the benefits accrued from having such reserves. The opportunity cost of maintaining a specific level of reserves is the 'lost' opportunity for example, of investing elsewhere to generate additional investment income, or using the funds to invest in service improvements. In assessing this it is important to consider that reserves can only be used once. Therefore, any use of general reserves above the lower minimum threshold is only ever used on one-off items of expenditure. The level of reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust "safety net" which adequately protects the council (a complex and multi-disciplinary metropolitan district local authority) against potential unforeseen and therefore unbudgeted costs.

In this context, it is considered that a level of reserves set at £16.12m presents an optimum balance between risk management and opportunity cost. The CFO is satisfied that the benefits accrued in maintaining these at the recommended level outweigh the potential lost opportunity from investing these reserves in other ways. This maintains a suitable and sustainable level of reserves, which include ensuring sound governance and financial stability in the short and longer term.

The above assessment concludes that general reserves, if set at £16.12m, will be at an appropriate level as determined in accordance with the MTFF and the CFO's professional advice.

Robustness of the Estimates included within the Budget

The CFO has been involved throughout the entire budget process, including significant input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Executive and Overview and Scrutiny, advising colleagues, challenge and evaluation activities, and the scrutiny and approval of various reports.

As stated, the budget is risk assessed to ensure adequate funding for all known liabilities and to provide sufficient resources to enable service change and transformation. It covers an assessment of current year's performance, an assessment of income targets, estimates of future cost and potential unavoidable demand pressures.

Key assumptions

The cost assumptions and prices used in the budget are derived from current intelligence and are considered appropriate. Demand changes have been identified and are reflected in budget increases identified in the appendices where appropriate, on a risk assessed basis. Areas of identified pressure within 2023/24 are planned to be covered by a combination of base budget alignments to recognise the agreed ongoing management of corrective action undertaken during 2022/23 or base budget adjustments, where growth/investment is included within the 2023/24 budget to cover the cost pressure (or income/grant shortfall). Fees and charges have been reviewed and changes are reflected in the overall budget. Contingency has been built in (inflationary / contractual) for uncertainty concerning the impact on supply and prices from cost of living. There is of course a level of uncertainty around forecasting, particularly given the disruption to services caused in recent years by the pandemic and cost of living in particular, and as such this is reflected in the risk assessment for 2023/24 and increased opening level of general reserves. Forecasts are therefore based on the best available data at the point the budget will be set, and best professional estimates.

Capital receipts and the borrowing requirement to be used for the capital programme are based on professional estimates both of timing and value. Assumptions on funding, including government funding, business rate and council tax levels, inflation, income assumptions, increases in costs arising from demographics and demand, borrowing requirements, balances, and contingencies, are set out within the main budget report and are considered appropriate.

Significant investment has been included to cover those areas of most demand and volatility, particularly in Adult and Children’s Social Care.

Proud Savings

Walsall Proud has developed from a formal programme into workstreams supporting Walsall's continuous improvement journey with the appropriate governance, assurance, and structures to support this delivery. The focus remains on transforming the way the council works and delivering on the council’s Proud promises, linking to the Council Plan and outcomes for the borough. Walsall Proud activity covers all council services and consists of a number of key workstreams, as follows:

- Enabling Communications and Culture;
- Customer Access and Management;
- Designing the Ways of Working – Hub and Enabling Support Services;
- Enabling Technology;
- Income Generation & Cost Recovery;
- Adult’s Social Care – Continuous Improvement Programme.

Given this and the size and scale of the programme, this inevitably creates uncertainty. Work, however, has developed in 2022/23 to translate the workstream benefits into services via service transformation plans (STP’s), allowing c£15.71m of new savings to be incorporated into the 2023/24 budget. This is in addition to c£49m of savings already identified/delivered.

Finance, the joint programme management team, and Proud work stream leads, have and continue to review the Proud workstream plans, benefits realisation, and the anticipated level of cashable savings in relation to 2023/24. Actions to address gaps between planned activity and realisation of benefit have been discussed and provided all actions are taken within the agreed timescales then cashable savings identified for 2023/24 are deemed achievable. The financial risk assessment which has informed the CFO’s recommendation on an adequate level of earmarked reserves and general reserves, does contain a contingency to manage some variation to this from unforeseen events.

Responsibility and accountability for delivery of Proud savings rests with the relevant Directors and workstream implementation leads for delivery of workstream capabilities and with Directors for delivery of service transformation plans, and progress will continue to be monitored and reported throughout the forthcoming year.

Risks, including Strategic, Operational and Financial

In the budget, due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic condition, others to potential regulatory or national issues which may have a local impact. Estimates and forecasts include all known significant financial risks over the next year and medium term to inform spending decisions. The council continues to use an embedded good practice risk assessment approach both when setting the budget and in validating estimated outturns. This continues for the 2022/23 outturn and the 2023/24 budget.

The risk assessment has highlighted the following areas of financial risk:

- Cost of living and uncertainty around future impact on costs and services;
- Legacy impact on income of the pandemic;
- Demand – the risk of further demand, specifically in Children's and Adult Social Care, above the levels incorporated into the budget. This includes the risk that the Fair Cost of Care costs will not be fully covered by grant;
- New Burdens / national policy implications on local budgets – the risk that Government changes in policy will lead to a transfer of responsibility / new burdens, without the transfer of funding to support those activities; or potential costs arising from inspections arising after the budget was set;
- Funding and uncertainty around central funding of local authority services beyond 2023/24;
- Grant reductions not published or known about at the time the budget is set;
- Further unbudgeted income shortfalls during the financial year;
- Unknown liabilities that may arise after the budget is set, for example from changes in legislation or statutory guidance;
- Cost pressures – i.e. inflationary pressures, pressures arising from a severe winter (i.e. gritting, road maintenance), pressures from economic or employment changes;
- Pay related changes such as pay awards being above that assumed within the budget, including the risk that the living wage nationally and within the care market specifically may be above that forecast;
- Delays in delivery of agreed savings, for example, arising from implementing organisational change, renegotiating or tendering for third party contracts.

These have been assessed, and a risk value assigned. Professional and best estimates have been made of the scope of the financial risk. Sensitivity analysis has been used where appropriate, to determine an appropriate risk value. The assessment confirms that a reserve value at the higher end of the MTFF guidelines is appropriate.

The Budget in Context

The budget includes the allocation of financial resources to different services and projects, proposed reserves and contingency funds, setting the council tax and council tax base, and decisions relating to the control of the council's borrowing requirement, the control of its capital expenditure and the setting of virement limits. The budget has been constructed in accordance with the principles and direction set out in the MTFF.

All cost pressures, efficiencies and savings have been appraised to ensure accuracy of costings and deliverability. Individual officers are identified as accountable for their implementation. The council is working to improve performance outcomes on a range of activities which are monitored throughout the year. Budget provision has been identified for the priorities outlined in the Council Plan. All savings have delivery plans in place - the £4.7m Customer Access Management saving has a high level plan and a detailed delivery plan is being drawn up, to be in place prior to the beginning of the new financial year, in line with the recommendations of External Audit's Annual Report.

Summary

Best endeavours have been made to ensure that the budget and reserves are adequate using the information available at this date. The budget has been constructed within a professional policy-led medium term strategic framework, using appropriate assumptions, linking investment and spending to key priorities, and having undertaken a comprehensive assessment of risk.

In summary, I can confirm that, taking into account the information known at this time;

(a) the estimates made for the purposes of the calculation of the Council's budget requirement under Section 32 of the Local Government Finance Act 1992, contained in the budget report, are robust;

(b) the financial reserves available to the Council as a result of agreeing the proposals contained within the Budget report are adequate to enable the setting of a lawful budget for 2023/24.

Deborah Hindson
Interim Executive Director, Resources and Transformation,
Chief Finance Officer (S151 Officer)
23 January 2022

Section B - Part 2 – Treasury Management

A: Treasury Management and Investment Strategy for 2023/24 Onwards

1 INTRODUCTION

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed, and that any surplus monies are invested in counterparties or instruments with an appropriate level of risk (as defined within the Councils Treasury Management Policies), providing adequate liquidity initially before considering investment return.

The other main function of the treasury management service is to ensure appropriate arrangements are in place to fund the council's approved capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure that the council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet council risk or cost objectives.

CIPFA defines treasury management as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Revised CIPFA Treasury Management Code and Prudential Code

CIPFA published revised Codes on 20th December 2021 and set out that revisions are required to be included in the reporting framework from the 2023/24 financial year.

Where revisions have been made to both the Treasury Management Code and Prudential Code these have been updated where relevant to Walsall within the Treasury Management and Investment Strategy and Policy Statement. A summary of these revisisions are as follows:

- Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement and will be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;

- TMP 10 has been expanded and CIPFA expects all organisations to have a formal and comprehensive apporach to ensuring the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making, with developments to the existing knowledge and skills register for officers and members involved in the treasury management function;

- The Chief Finance Officer is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly;

- Environmental, social and governance (ESG) policies of the authority to be included within an authority's treasury management policies and practices (TMP1) where relevant.

- As part of the new requirements authorities are required as a minimum to estimate for the forthcoming financial year, and the following two financial years, the proportion of net income from commercial and service investments compared to budgeted net revenue stream. This ratio will consider an authority's exposure to risk from commercial and service investment income.

Reporting requirements

The Council is required to receive and approve, as a minimum, four main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy - This covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure i.e. that funded from borrowing, is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an annual investment strategy (the parameters that set out how investments are to be made and managed).

A mid-year treasury management report – This will update members on the progress of the capital plans, amending prudential indicators as necessary, and identify whether any policies require revision. In addition, the Council will receive quarterly update reports on performance throughout the year.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates included within the strategy.

A Capital Strategy report – This is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy. Further information can be found at **Part 1 Annex 8** of this Budget Plan.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Council. For Walsall Council the Cabinet undertakes this role.

1.2 Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

Capital issues
- capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Department of Levelling Up, Housing and Communities (DLUHC) MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

1.3 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, the code has been expanded and CIPFA expects all organisations to have a formal and comprehensive apporach to ensuring the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making, with developments to the existing knowledge and skills register for officers and members involved in the treasury management function

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare a learning plan for treasury management officers and council members.
- Have regular communication with officers and council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment for members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download and support members in idendtifying any further training needs that they may have.

All members were invited to a virtual training event hosted by the Council's Treasury Management Consultants Link Asset Services in November 2022 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function is maintained in line with the Council's Annual Performance Conversation (APC) process. Similarly, a formal record of the treasury management / capital finance training received by members is also be maintained.

1.4 Treasury Management Consultants

The council uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

1.5 Treasury Management Monitoring

Local and Prudential indicators are used to monitor treasury management activities which are produced monthly and reported at least quarterly to the treasury management panel. The indicators monitored during the year are detailed in **Annex 1.**

2 THE CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2025/26

The council's capital expenditure plans are the key driver of treasury management activity. The output of these plans is reflected in the prudential indicators, designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure - Prudential Indicator 1

This prudential indicator is a summary of the council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are recommended to approve the capital expenditure forecasts. The financing need below excludes other long term liabilities, such as Private Finance Initiative and leasing arrangements which already include borrowing instruments within them. The current capital plans which this strategy supports are detailed in Table 1 below.

A summary of the 2023/24 capital programme is outlined in **Part 1 section 3** of this budget plan. The summary of the draft capital programme over the plan period 2023/24 to 2026/27 is outlined at **Part 1 section 4**, with full details by scheme at **Part 1 Annex 9**. The Capital Strategy is attached at **Part 1 Annex 8** of this budget plan.

Table 1 : Current Capital Programme					
	2022/23 Forecast £m	**2023/24 Estimated £m**	**2024/25 Estimated £m**	**2025/26 Estimated £m**	**2026/27 Estimated £m**
Total Capital Expenditure	**121.00**	**115.27***	**117.28**	**49.00**	**28.16**
Resourced by:					
Capital receipts	1.50	1.50	1.50	1.50	1.50
Capital grants	87.35	48.41	51.54	25.49	18.10
Capital reserves	0.00	0.00	0.00	0.00	0.00
Revenue	0.02	0.02	0.02	0.02	0.02
Borrowing	32.13	65.34	64.22	21.99	8.54
Total resources available	**121.00**	**115.27**	**117.28**	**49.00**	**28.16**

*Excludes forecast carry forwards from 2022/23

2.2 Affordability Indicators

The previous prudential code required the authority to prepare an indicator (former prudential indicator 2) so that the council could assess the affordability of its capital investment plans. Although this is no longer required under the code, the authority still prepares the former prudential indicator 2 as this provides an indication of the impact of the capital investment plans on the council's overall finances. Council is recommended to approve the following indicators:

Ratio of financing costs to net revenue stream – Former Prudential Indicator 2

This indicator identifies the trend in the cost of capital financing (borrowing and other long-term obligation costs net of investment income) against the council's net revenue stream.

Table 2 : Former Prudential Indicator 2					
	2022/23 Forecast	2023/24 Estimated	2024/25 Estimated	2025/26 Estimated	2026/27 Estimated
Ratio	9.76%	8.80%	6.54%	3.64%	3.36%

2.3 The council's borrowing need (the Capital Financing Requirement) – Prudential Indicator 4

Prudential indicator 4 is the council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's underlying borrowing need. Any capital expenditure not immediately paid will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets estimated life.

The CFR does include other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the council's borrowing requirement, these types of schemes include a borrowing facility within them and so the council is not required to separately borrow for these schemes. The council currently has £3.89m of such schemes within the CFR. Council is asked to approve the CFR projections in Table 3 which shows that the council's net borrowing need for the period from the start of 2022/23 to the end of 2026/27 is estimated to see an increase of £130.15m. The council's borrowing strategy is set out in section 4.

Table 3 : Analysis of CFR					
	2022/23 Forecast £m	2023/24 Estimated £m	2024/25 Estimated £m	2025/26 Estimated £m	2026/27 Estimated £m
Opening Capital Financing Requirement	**374.499**	**372.239**	**433.114**	**486.644**	**491.871**
Net financing need for the year					
Less MRP and other financing movements	-13.480	-12.675	-14.870	-18.285	-17.143
Additional borrowing	11.220	73.550	68.400	23.512	29.925
Movement in CFR	**-2.260**	**60.875**	**53.530**	**5.227**	**12.782**
Closing Capital Financing Requirement	**372.239**	**433.114**	**486.644**	**491.871**	**504.653**

The council has maintained an under-borrowed position, which means that the capital borrowing need (the CFR), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy has been prudent whilst investment returns have remained low and counterparty risk is relatively high compared to the historical position.

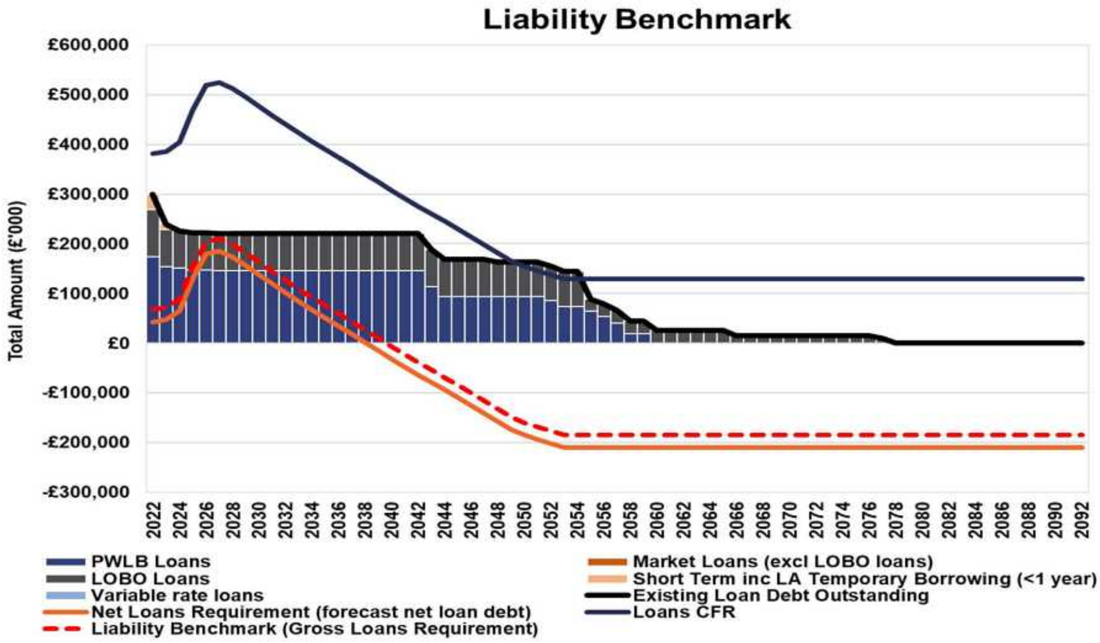
2.4 Liability Benchmark

A new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

Chart 1 – Liability benchmark for Walsall Council



The chart above shows Walsall Council's liability benchmark. The main point to note is that the benchmark indicates that the Council does not currently have an immediate borrowing need as the benchmark is below the existing loan portfolio. This is mainly due to significant levels of cash and investments currently held by the Council (and is in line with the under-borrowed position highlighted earlier in the strategy).

The benchmark then assumes that over the medium / longer term authorities will run down investments instead of borrowing – however it should be noted that this would not always be the option that the authority chooses to take, as utilising cash balances potentially represents a re-financing risk (which the liability benchmark does not consider) where borrowing has to be taken once cash is run down at potentially unfavourable interest rates should markets decline in the intervening period.

Additionally, only approved planned borrowing can be included within the benchmark, as such the CFR and forecasts within the liability benchmark are underestimated after year 4 (as they are not allowed to include any potential capital plans the authority may choose / approve to enter in to following that period) and the longer term position shown in the benchmark is therefore not representative of the actual position that the council will realistically see.

The liability benchmark cannot therefore be considered in isolation and needs to be considered alongside the full range of borrowing plans, investment strategies and other indicators set out within this strategy, with the liability benchmark itself being purely a guide to identify borrowing need and providing one of a number of tools that support the authorities ability to make judgements as required, and borrow up to the authorised limits, with any variance from the benchmark able to be explained.

3. MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The MRP policy (see **Annex 2**) details the council's policies for calculating the annual amount charged to revenue for the repayment of debt.

3.1 Background to Annual MRP policy Review

A local authority shall determine each financial year an amount, it considers to be prudent, to be set aside for the repayment of accumulated borrowing relating to capital expenditure. This is known as the minimum revenue provision (MRP). There are four ready-made options available for calculating MRP, however authorities do also have discretion to determine their own MRP, other approaches are not ruled out, as long as the authority is properly reasoned and justified utilising them.

3.2 MRP Policy Objectives

- The council shall determine for each financial year an amount of revenue provision for the future repayment of debt that it considers prudent.
- To set aside funds at a rate such that future generations who benefit from the assets are contributing to the associated debt and avoiding the situation of future generations paying for the debt on assets that are no longer useable.

4 BORROWING

The resourcing of the capital expenditure plans set out in **Section 2** provides details of the proposed capital expenditure that will be incurred in support of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.1 Current portfolio position

The council is expected to end 2022/23 with borrowing of over 1 year length of approximately £266m against an asset base of approximately £570m, and investments of approximately £129m. These will be proactively managed to minimise borrowing costs and maximise investment returns within a robust risk management environment. In 2023/24 estimated annual interest payments are £11.39m (£12.94m budget for 2022/23), with the increase due to planned borrowing included within the budget to take account of capital expenditure in line with capital plans set out in table 1 above. Net investment interest income for 2023/24 is estimated to be £4.58m (£2.1m budget for 2022/23), with the increase mainly due to slightly improved interest rates. The net budget for capital financing in 2023/24 is £24.53m (£25.06m in 2022/23).

The council's treasury portfolio position at 31st December 2022 is shown in Table 4; year end forward projections are summarised in Table 5. This shows that the actual external borrowing (the treasury management operations), against the capital borrowing need and operational debt, and highlights any over or under borrowing. It shows that the council's underborrowing position is expected to continue for the medium term.

Table 4 : Borrowing and Investments			
	Borrowing £m	**Investments £m**	**Net Borrowing £m**
31 March 2022	**328.97**	**(266.93)**	**62.04**
31 December 2022	**280.93**	**(183.76)**	**97.17**
Change in year	**(48.04)**	**83.17**	**35.13**

Table 5 : Borrowing Forward Projections				
Borrowing profile	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
Under 12 Months	4.75	6.11	0.00	1.89
12 Months to within 24 Months	6.11	0.00	1.89	0.00
24 Months to within 5 Years	1.89	1.89	0.00	0.00
5 Years to within 10 Years	0.00	0.00	0.46	0.46
10 Years and Above	261.89	340.45	405.74	429.25
Total Borrowing	**274.64**	**348.45**	**408.09**	**431.60**
Operational Debt - Prudential Indicator 6	**423.10**	**476.97**	**482.53**	**495.64**
(Under) / Over Borrowed	**(148.46)**	**(128.52)**	**(74.44)**	**(64.04)**

Within the prudential indicators, there are a number of key indicators to ensure that the council operates its activities within defined limits. **Prudential Indicator 7** relates to the councils need to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The S151 Officer reports that the council complied with **Prudential Indicator 7** in the current year and does not envisage this indicator being breached in the future. This view takes into account current commitments, existing plans, and the proposals in this budget report. In accordance with **Prudential Indicator 8,** the council has adopted and complies with the CIPFA Code of Practice for Treasury Management.

4.2 Treasury Indicators: Limits to Borrowing Activity

The Authorised Limit for External Debt - Prudential Indicator 5

This prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt, which, whilst not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is based on the requirement to set a statutory limit determined under section 3 (1) of the Local Government Act 2003. The government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Council is asked to approve the following authorised limit:

Table 6 : Authorised Limit £m - Prudential Indicator 5					
	2022/23 Forecast £m	2023/24 Estimated £m	2024/25 Estimated £m	2025/26 Estimated £m	2026/27 Estimated £m
Total	**474.38**	**465.41**	**524.67**	**530.78**	**545.21**

The Operational Boundary - Prudential Indicator 6

This is the limit beyond which external debt is not normally expected to exceed. It has been calculated by deducting other local authority debt (totalling £5.77m in 2022/23) from the capital financing requirement (CFR) and then adding any expected in year cash-flow borrowing requirements.

Table 7 : Operational Boundary £m - Prudential Indicator 6					
	2022/23 Forecast £m	2023/24 Estimated £m	2024/25 Estimated £m	2025/26 Estimated £m	2026/27 Estimated £m
Total	**431.25**	**423.10**	**476.97**	**482.53**	**495.64**

4.3 Prospects for interest rates

The council has appointed Link Group as its treasury advisor and part of their service is to assist the council to formulate a view on interest rates. The following table gives their central view.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Commentary from Link Group as at December 2022

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in H1 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening - QT), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng government have passed.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy:

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Geopolitical risks,** for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates:

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.

- **The government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.

- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.

- Projected **gilt issuance, inclusive of natural maturities and QT,** could be too much for the markets to comfortably digest without higher yields consequently.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed Local Authority to Local Authority monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our interest rate forecast for Bank Rate is in steps of 25 basis points, whereas PWLB forecasts have been rounded to the nearest 10 basis points and are central forecasts within bands of + / - 25 basis points. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

4.4 Borrowing Strategy

Our borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining an appropriate level of cash and a balanced loan portfolio

- To manage the council's debt maturity profile, ensuring no single future year has a disproportionate level of repayments
- To maintain a view on current and possible future interest rate movements and borrow accordingly
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and prudential indicators.

Specific Borrowing Objectives

L1. Full compliance with the Prudential Code - **No Change**.

L2. Average maturity date between 15 and 25 years - **No Change**.

L3a. Financing costs as % of council tax requirement 20% – **No Change**.

L3b. Financing costs as % of tax revenues 12.5% - **No Change**.

L4. Actual debt as a proportion of operational debt range is maintained in the range 65% - 85% - **No Change**.

L5. Average interest rate for internally managed debt will increase to **4.21%** - **Changed from 3.69% in view of planned borrowing**.

L6. Average interest rate for total debt (including other local authority debt) will be equal to or less than **4.33% - Changed from 3.77% in view of planned Borrowing re-profiling**.

L7. The gearing effect on capital financing estimates of 1% increase in interest rates must not be greater than 5**%** - **No Change**.

The capital borrowing need (CFR) has not been fully funded with loan debt and instead the council's cash which would normally be utilised to support the council's reserves, balances and cash flow has been used to fund the borrowing need as a temporary measure. This strategy has proved prudent as investment returns have been low and current levels of counterparty risk are higher than those seen historically and as such this is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Head of Finance – Technical & Transactional responsible for Treasury Management will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. For example:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.

- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any changes that are required will be reported to the treasury management panel at the next available opportunity.

4.5 Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. These limits have been reviewed. The indicators the Council is asked to approve are in Table 10 below (please note there are no changes proposed to the targets approved for 2022/23):

Table 8: Borrowing Limits	2022/23	2023/24	2024/25
Prudential Code Indicator 10 Upper limits on fixed interest rate exposures.	95%	95%	95%
Lower limits on fixed interest rate exposures	40%	40%	40%
Prudential Code Indicator 11 Upper limits on variable interest rate exposures	45%	45%	45%
Lower limits on variable interest rate exposures	0%	0%	0%
Prudential Code Indicator 12 Lower limits for the maturity structure of borrowings:			
Under 12 Months	0%	0%	0%
12 months and within 24 months	0%	0%	0%
24 months and within 5 years	0%	0%	0%
5 years and within 10 years	5%	5%	5%
Upper limits for the maturity structure of borrowings*:*			
Under 12 Months	25%	25%	25%
12 months and within 24 months	25%	25%	25%
24 months and within 5 years	40%	40%	40%
5 years and within 10 years	50%	50%	50%
10 years and above	85%	85%	85%

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

4.6 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). The reasons for any rescheduling include:

- the generation of cash savings and / or discounted cash flow savings.
- helping to fulfil the treasury strategy.
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All potential rescheduling would require the approval of the treasury management panel.

Rescheduling of debt would normally be undertaken where there is an opportunity to deliver ongoing interest rate savings to the council. However rescheduling of debt does normally incur a premium cost (i.e. upfront break cost to end the borrowing agreement early). A reserve is therefore held by the authority to support any potential opportunities, and the current position of that reserve along with the forecast over the MTFO period is set out below.

	2023/24 £m	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**
Opening Balance	9.168	14.889	16.041	13.400
Transfer to Reserves	5.721	1.152	-2.640	-1.290
Closing Balance	14.889	16.041	13.400	12.111

Analysis of previous rescheduling indicates that the cost of any premium may be up to £15m. Additionally this reserve is also used to help mitigate the risk of interest rate rises on planned borrowing across the MTFO period, which is important at present where this is a positive outlook for interest rates but uncertainty around exact timing of these and associated impact on borrowing rates.

5. ANNUAL INVESTMENT STRATEGY

5.1 Investment Policy

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (see **Part 1 Annex 8** of this Budget Plan)

The Council’s investment policy has regard to the following: -

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council’s risk appetite.

In accordance with the above guidance from the DLUHC and CIPFA and in order to minimise the risk to investments, the council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. Counterparty limits are set through the council's treasury management practices – schedules. This year the TM policies have been reviewed to ensure that any Banking Regulation changes are appropriately reflected to make certain that the security of the council's deposits remain the highest priority whilst the council seeks a fair return for its investment. See TMP 1 section on Credit and Counterparty Risk Management paragraph h. TMP 1 also allows the undertaking of non-specified investments on the approval of the S151 Officer e.g. loans to housing associations, property funds and bond issues by other public sector projects etc. The use of property funds can be deemed to be capital expenditure, and as such in some instances will be an application (spending) of capital resources. This Authority will undertake due diligence and appropriate checks, and if required seek guidance, on the status of any fund it may consider using.

5.2 Creditworthiness Policy

Approved Organisations for Investments

Only organisations that are eligible to receive investments from local authorities may be used. The council's credit worthiness policy forms part of this document for review and approval.

5.3 The Monitoring of Investment Counterparties

The credit rating and financial resilience of counter parties are monitored regularly. The council receives credit rating information from Link Asset Services as and when ratings change and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list by the Head of Finance – Technical & Transactional and / or Finance Manager – Technical Accounting, Treasury Management & Education, and if required new counterparties which meet the criteria will be added to the list.

5.4 Investment strategy

The general policy objective for this council is for the prudent investment of its treasury balances. The council's investment priorities are:

- The security of capital
- Liquidity of its investments
- All investments will be in sterling
- The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates.

Investment returns expectations

Investment returns are expected to improve in 2023/24. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the Monetary Policy Committee (MPC) fall short of these elevated expectations.

5.5 Specific Investment Objectives

Specific investment objectives are set out below.

L8. Difference between average interest rate received on short-term interest (STI) versus at call interest rate on main bank account – comparing investment performance of proactively managing cash balances against doing nothing – 50% - **no change**

L9. Average interest rate received on:
At call investments – 2.50% - **a change from 0.10%**
Short-term investments – 3.75% - **a change from 0.50%**
Long-term investments – 4.00% - **a change from 0.80%**
Property Funds – 3.56% - **a change from 3.34%**

L10 Average rate on at call and short-term investments will be equal to or greater than 3.39% - **a change from 0.45%**

L11 Average interest rate received on all investments:
Including Property Funds – 4.54% - **a change from 0.91%**
Excluding Property Funds – 3.48% - **a change from 0.48%**

L12 % daily bank balances within a target range of 99% - **no change**.

Should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year end.

The Council is asked to approve Prudential Indicator 13. Treasury indicator and limit:

Prudential Indicator 13 Maximum principal sums invested > 365 days			
£m	**2021/22**	**2022/23**	**2023/24**
Principal sums invested > 365 days	£25m	£35m	£35m
Property Funds	£30m	£30m	£30m

5.6 **Additional disclosures required within the statutory guidance on local government investments**

The updated statutory guidance on local government investments, which was issued in February 2018, identifies specific disclosures that the authority should identify within its Investment Strategy for all investments that it holds. The required disclosures for investments held by the authority are set out at Annex 3.

5.7 **End of year investment report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Part 2 Annex 1 – In Year Treasury Management Indicators to be monitored

No.	Indicator	2022/23 Forecast	2023/24 Estimated	2024/25 Estimated	2025/26 Estimated
PRL 1	a. Capital expenditure - Council Resources - £m	33.65	66.86	65.74	23.51
	b. Capital expenditure - External Resources - £m	87.35	48.41	51.54	25.49
Former PRL 2	Estimates of the ratio of financing costs to the net revenue stream	8.80%	6.54%	3.64%	3.36%
L. 3	a. Financing costs as % of Council Tax Requirement	11%	20%	20%	20%
	b. Financing costs as % of Tax Revenues	7.51%	12.50%	12.50%	12.50%
L. 4	Actual debt v operational debt within the following range	65.14%	85.00%	85.00%	85.00%
L. 5	Average interest rate of debt excluding other local authority debt	3.69%	4.21%	4.25%	4.13%
L. 6	Average interest rate of debt including other local authority debt	3.77%	4.33%	4.32%	4.17%
L. 9	Average interest rate received on:				
	a. At Call Investments	1.17%	2.50%	2.00%	1.50%
	b. Short Term Investments	1.22%	3.75%	2.75%	1.85%
	c. Long Term Investments	0.90%	4.00%	3.00%	2.75%
	d. Property Fund	3.56%	3.56%	3.56%	3.56%
L. 10	Average interest rate on all ST investments (ST and At Call)	1.20%	3.39%	2.35%	1.75%
L. 11	a. Average interest rate on all investments (excluding property fund)	1.17%	3.48%	2.51%	1.90%
	b. Average interest rate on all investments (including property fund)	1.49%	4.54%	4.22%	2.98%
L. 12	% daily bank balances within target range	99%	99%	99%	99%

Part 2 Annex 2 – Minimum Revenue Provision (MRP) Policy

Under the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2018, local authorities have a duty to produce an annual statement on its policy for making a minimum revenue provision (MRP).

For the financial year **2022/23** (no change to the policy in 2021/22) the authority will be adopting the following policies in determining the MRP:

1. For all existing capital expenditure balances within the Capital Financing Requirement (CFR) held as at 1 April 2022 MRP will be applied on an annuity basis with the write down period determined by asset lives up to the maximum allowable by the regulations set out above.

2. For all capital expenditure incurred from 1 April 2022 MRP will be applied on an annuity basis with the write down period determined by asset lives up to the maximum allowable by the regulations set out above.

3. The authority will treat the asset life as commencing in the year in which the asset first becomes operationally available. Noting that in accordance with the regulations the authority may postpone the beginning of the associated MRP until the financial year following the one in which the asset becomes operational, there will be an annual adjustment for Assets Under Construction.

4. If determined by the S151 Officer the annual instalment may be calculated by the equal instalment method or other appropriate methods dependant up on the nature of the capital expenditure.

5. In all years, the CFR for the purposes of the MRP calculation will be adjusted for other local authority transferred debt, finance lease and Private Finance Initiative (PFI).

6. The Section 151 officer shall on an annual basis review the level of MRP to be charged, as calculated as per paragraphs 1, 2 and 3 above to determine if this is at a level, which is considered prudent. The amount of MRP charged shall not be less than zero in any financial year.

Part 2 Annex 3 – Additional Disclosures Required Within Statutory Guidance on Local Government investments

The updated statutory guidance on local government investments, which was issued in February 2018, identifies specific disclosures that the authority should identify within its Investment Strategy for all investments that it holds.

The required disclosures for investments held by the authority are set out below.

1. Types of Investment

1.1 Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes
- Other investments

2. Contribution of investments toward the service delivery objectives and / or the place making role of the local authority

2.1 For each type of investment the disclosure guidelines require the authority to identify the contribution that the investments make. For Walsall's investments details of this contribution are set out below.

Investments held for treasury management purposes
The contribution that these investments make to the objectives of the local authority is to support effective treasury management activities, with the requirement to prioritise Security, Liquidity and Yield in that order of importance.

Other Investments
Details of all Other Investments that the authority holds, and the contribution that each makes to the service delivery objectives and / or the place making role of the local authority is set out below:

i. Investment Properties

The acquisition of the Saddlers Shopping Centre provided the Council with an opportunity to add to an existing but small investment portfolio. It is intended that further investment opportunities will be considered in the future following the completion of the review of the investment portfolio as part of the asset management improvement plan (asset management planning).

The potential income generation from The Saddlers Centre will provide additional revenue (after the capital is repaid) to the Council. However the acquisition of the Saddlers Centre was not undertaken solely for the purposes of supporting the Council's revenue position.

Likewise the redevelopment of the Old Square Shopping Centre represented significant movement towards the delivery of the Council's aspirations for the regeneration of St Matthew's Quarter. In particularly difficult market conditions for the retail sector, the redevelopment of the shopping centre improved Walsall's retail offer and helped to cement the town centre's position as an important sub-regional centre. The new retail floorspace delivered through the first phase of the scheme provided over 4,100 sq metres/44,000 sq ft of floorspace for a new Primark store and over 900 sq metres/9,800 sq ft of floorspace for a new Co-op food store. These two new stores provided around 150 new jobs in the town centre, resulted annual business rate and rental income, and increased footfall and expenditure in the town centre, making it a more attractive destination for shoppers, retailers and other investors.

3. Use of Indicators

3.1 The disclosure guidelines require the authority to produce relevant indicators for investments to support the ability of the public to assess the level of risk exposure. These are provided below for Walsall's investments.

Investments held for treasury management purposes
These investments are funded through the council's cash balances. The authorities published Treasury Management and Investment Strategy already includes a range of Prudential and Local indicators that support the assessment of performance management and risk exposure in this area.

Additionally the disclosure guidelines recommend that the authority to also publish the following two indicators.

Indicator	Description	Ratio (2022/23 Forecast)	Ratio (2023/24 Estimate)	Ratio (2024/25 Estimate)	Ratio (2025/26 Estimate)	Ratio (2026/27 Estimate)
Debt to Net Service Expenditure (NSE) Ratio	Gross debt as a percentage of net service expenditure (where net service expenditure is a proxy for the size and financial strength of a local authority).	1.92:1	1.26:1	1.44:1	1.64:1	1.71:1
Commercial income to NSE Ratio	A measure of the authorities dependence on non-fees and charges income to deliver core services (where estimated fees and charges are netted off gross expenditure to calculate NSE).	0.004:1	0.004:1	0.004:1	0.004:1	0.004:1

Other Investments
For Other Investments, the disclosure guidelines also require the authority to provide relevant indicators only where these investments are funded by borrowing – again to allow for assessment against the associated additional debt servicing costs taken on. As such, for any 'Other Investments' held by Walsall that are funded in this way, relevant indicators are provided below.

i. Investment Property – Saddlers Centre

Indicator	Description	Ratio (2021/22 Actual)	Ratio (2022/23 Forecast)
Operating costs	The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.	£1.484m	£2.262m
Vacancy levels and Tenant exposures for non-financial investments	Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is productive as possible.	10 Units	13 Units

4. Security, Liquidity and Yield

4.1 Prudent investments will consider security, liquidity and yield in that order with the underlying objectives being:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed
- **Yield** – once security and liquidity are determined it is then reasonable to consider what yield can be obtained

4.2 When entering into **'Investments held for treasury management purposes'** local authorities always consider security, liquidity and yield (in that order) and the authorities Treasury Management Policies clearly set out and support this requirement.

4.3 When entering into **'Other Investments'** local authorities should consider the balance between security, liquidity and yield based on their risk appetite and the contribution that the investment will make toward service delivery objectives and / or the place making role of the local authority.

4.4 **Security**

Investments held for treasury management purposes
All investments that the authority currently holds for treasury management purposes are defined as financial investments, and the authorities Treasury Management policies clearly define how credit worthiness and high credit quality will be determined. The policies also set out procedures for determining which categories of investment may be used, those which have already been defined as suitable for use, and the upper limits for investment with each counterparty / investment area.

Other Investments
All 'Other Investments' that the authority currently holds are defined as non-financial investments, which are non-financial assets that the authority holds primarily or

partially to generate a profit.

Where a local authority holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested. As such the disclosure guidelines require authorities to consider whether the asset retains sufficient value to provide security of investment.

Therefore details for each of the 'Other Investments' held by the authority are set out below:

i. Investment Property – Saddlers Centre
A fair value assessment has been obtained within the past twelve months. This asset is now part of the Town Centre Master Plan.

ii. Investment Property – Primark / Co-Op Shopping Units Development
A fair value assessment has been obtained within the past twelve months. This shows that the underlying assets provide security for capital investment.

Risk Assessment of Investments

Investments held for treasury management purposes
The authorities Treasury Management policies clearly define how risk for these types of investment will be assessed, including details of external advisors that may be used, the use of credit ratings and how often these are reviewed and additional sources of information that will support the underlying assessment of risk that may be attributable to the investment.

Other Investments
The way in which the Council manages other investments, including investment property and commercial activity is set out in detail within the Capital & Investment Strategy.

4.5 **Liquidity**

Investments held for treasury management purposes
For the Treasury Management investments held by the authority, the Treasury Management policies set out how the authority will determine the periods for which funds may be prudently committed and the maximum periods that will be utilised.

Other Investments
For the Other Investments held by the authority, these are all currently Investment Properties. The Council recognises that if it requires access to its investment these assets can take a considerable period to sell in certain market conditions. Therefore these investments are all considered to be medium to long term, with a fair value assessment undertaken on an annual basis which is used to inform the point at which it may be prudent for the authority to consider selling assets and repaying any associated borrowing.

5. Proportionality

5.1 The scale of the 'Other Investments' currently, or planned to be, held by the authority, and any assumed associated profit to be generated by these investments does not place the authority in a position where it is dependent on this activity to achieve a balanced revenue budget.

6. Borrowing In Advance of Need

6.1 The councils Treasury management Startegy clearly sets out that it will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

7. Capacity, Skills and Culture

Knowledge & Skills

7.1 The authorities Treasury Management activity is managed by a team of professionally qualified accountants, who actively undertake Continuous Professional Development (CPD) on an ongoing basis to keep abreast of new developments and develop additional skills. They also have extensive Local Government finance experience between them.

7.2 The Council's Section 151 Officer is the officer with overall responsibility for Treasury activities. They too are a professionally qualified accountant undertaking an ongoing CPD programme.

7.3 Any commercial projects that the council seek to enter into will also be supported by teams from all required professional disciplines from across the Council, and external professional advice will also be sought if needed.

7.4 Internal and external training is offered to members on an ongoing basis to ensure they have up to date skills to make commercial investment and treasury decisions.

7.5 The Council's Treasury Management Panel meet regularly to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

7.6 The knowledge and skills of officers and members are commensurate with the Council's risk appetite.

Commercial Activity and Governance

7.7 The Council has a strong governance framework that goes beyond the regulatory codes. This includes a Treasury Management Panel (TMP) in addition to the Audit Committee and reporting to Cabinet and Council. The TMP is made up of senior council finance officers who meet to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

7.8 Due diligence is of paramount importance. All of the Councils commercial investments have individual business cases that are subject to thorough risk assessment. Where appropriate to the size and scale of the project independent technical and legal reviews will also be considered.

7.9 Ongoing performance monitoring for all commercial schemes is also undertaken and reported to relevant members and senior officers on a regular basis.

7.10 The Council also seeks to ensure that all commercial schemes are fully aligned with priority outcomes set out within the Corporate Plan.

7.11 Any decisions taken on commercial investments are supported by the approach to non-financial investments and risk assessment process set out within this Treasury Management and Investment Strategy, with any individuals involved in negotiation of commercials deals being made aware of these principles and the prudential and regulatory regime within which local authorities operate.

Other Useful Information

8. Links to other documents that provide useful information in relation to the disclosures set out within this annex are set out below:

Walsall Council 2021/22 Statement of Accounts

Walsall Council 2023/24 Budget Plan with a summary of the 2023/24 capital programme outlined in **Part 1 section 3** of this budget plan. The summary of the draft capital programme over the plan period 2023/24 to 2026/27 is outlined at **Part 1 section 4**, with full details by scheme at **Part 1 Annex 9**.

Walsall Council 2023/24 Capital Strategy (see **Part 1 Annex 8** of this Budget Plan)

Part 2 Annex 4 – Economic Background

This Economic Commentary is based upon information provided by our Treasury Management Advisors – Link Group.

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, Euro Zone and US 10-year yields all rising by over 200 basis points since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.5%	2.0%	4.25%-4.50%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	10.7%y/y (Nov)	10.1%y/y (Nov)	7.1%y/y (Nov)
Unemployment Rate	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

Quarter 2 of 2022 saw UK GDP revised upwards to +0.2% quarter/quarter, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, Consumer Price Index (CPI) inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

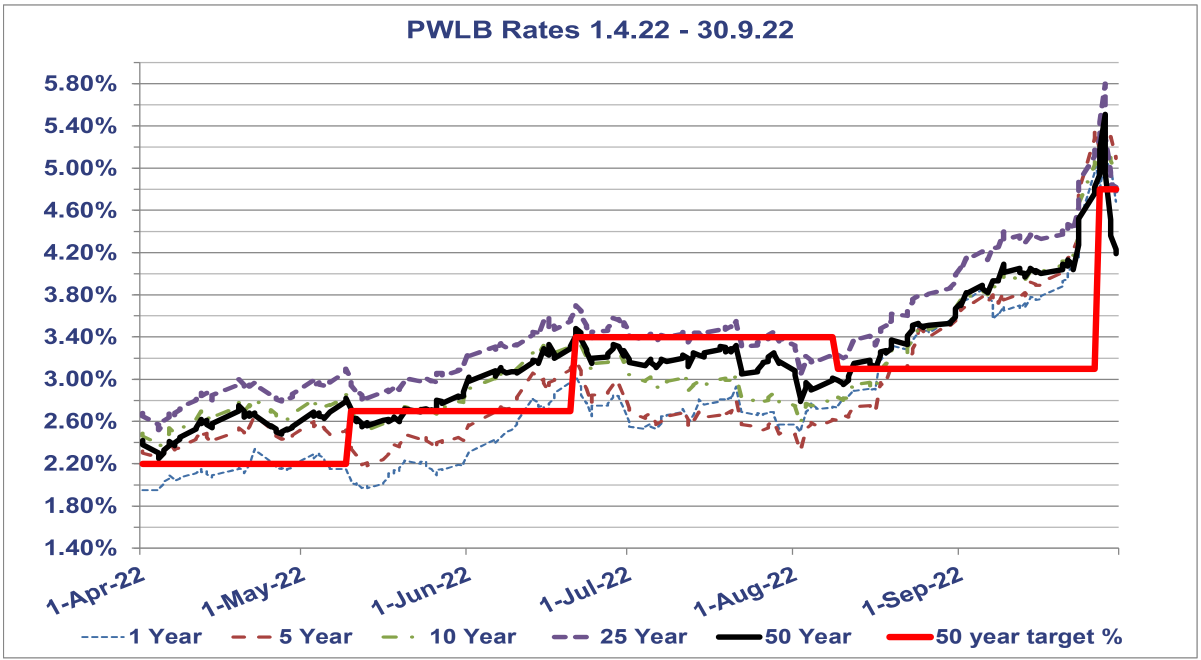
Throughout Quarter 3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have almost completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.22. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – DECEMBER 2022

In December, the US Federal Bank decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

Having said that, the sentiment expressed in the press conferences in the US and the UK were very different. In the US, Federal Bank Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

Part 2 Annex 5 – Glossary of Terms

TERM	DEFINITION
Authorised Limit	Level of debt set by the council that must not be exceeded.
Bond	A government or public company's document undertaking to repay borrowed money usually with a fixed rate of interest.
Borrowing	Obtaining money for temporary use that has to be repaid.
Capital expenditure	Expenditure on major items e.g. land and buildings, which adds to and not merely maintains the value of existing fixed assets.
Capital grants	Specific targeted grants to cover capital expenditure.
Capital receipts	The proceeds from the disposal of land or other assets. Capital receipts can be used to fund new capital expenditure but cannot be used to finance revenue expenditure
Cash flow Management	The management of the authority's receipts and payments to ensure the authority can meet its financial obligations.
CIPFA	The chartered institute of public finance and accountancy
Counter party limits	Maximum amount that the council may lend to other institutions will vary according to size and credit rating of other intuitions.
Dividends	Sum to be payable as interest on loan.
DLUHC	Department of Levelling Up, Housing and Communities (DLUHC)
ECB	European Central Bank
EU	European Union
GDP	Gross Domestic Product – the total market value of all final goods and services produced in a country in a given year, equal to total consumer investment and government spending, plus the value of exports minus the value of imports.
Investments	The employment of money with the aim of receiving a return.
Liquidity	How easily an asset including investments may be converted to cash.
Long Term Borrowing	Borrowing of money for a term greater than one year.
Long Term Liabilities	Amounts owed by the council greater than 12 months old.
Market convention	The rules and regulations by which all brokers and dealers should abide by. It includes standards of practice and calculation conventions for interest. They are defined in the London Code of Conduct ("The London Code") published by the Bank of England.

TERM	DEFINITION
MPC	Monetary Policy Committee – group that sets the bank base rate for the Bank of England
OLA	Other Local Authorities
Temporary borrowing	Borrowing of money for a term of up to 365 days.
Treasury management	The management of the local authority’s cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return consistent with those risks.
Treasury Policy Statement	A statement of key policies that an organisation follows in pursuit of effective treasury management, including borrowing limits and strategy.
Variable debt	This is money that has been borrowed at a variable interest rate, and as such is subject to interest rate changes.
Unsupported borrowing	Borrowing taken through the remit of the Prudential Code for which the council will not receive any government funding and will fund from own resources.

Section B - Part 2 – Treasury Management

B: Treasury Management Policy Statement

The CIPFA Code recommends that authorities should:

i. Put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
ii. Policies and practices should make clear that the effective management of risk, having regard to return, is a prime objective of the treasury management activities.
iii. Acknowledge that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, the treasury management policies and practices should reflect this.

In order to do this, the Council should once again adopt a treasury management policy statement as shown below and create and adopt treasury management practices (TMPs):

- A treasury management policy statement, stating policies and objectives of its treasury management activities.
- Suitable TMPs, setting out the manner in which the council will seek to achieve those policies and objectives, prescribing how the council will manage and control those activities.
- The contents of the policy statement and TMPs will follow the recommendations contained in section 6 and 7 of the Code, subject only to amendment where necessary to reflect this council's particular circumstances.

There are amendments to the responsible posts under delegated powers which reflect changes to the staffing structure of the finance service.

THE TREASURY MANAGEMENT PRACTICES 2022/23 & 2023/24 ONWARDS

Walsall Council defines its treasury management activities as:
"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks."

Walsall Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

Walsall Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principle of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

TREASURY MANAGEMENT FUNCTION

The approved activities of the treasury management function are as follows:

Activities:

- Borrowing
- Investment of temporary surplus funds and other balances
- Setting and reviewing the treasury management strategy
- Cash flow management
- Management of schools investments
- Management of debt and investments, including rescheduling, management of interest rate exposure and maturity profile management

High Level Policies for Borrowing and Investment

The Treasury Management Strategy sets out the detailed policies that the organisation will follow in operating its treasury management function. The high level policies set out within the strategy that relate to borrowing (section 4.4 of the strategy) and investments (section 5.5 of the strategy) are as follows:

Borrowing Strategy Objectives

Walsall Councils borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio
- To manage the council's debt maturity profile, ensuring no single future year has a disproportionate level of repayments
- To maintain a view on current and possible future interest rate movements and borrow accordingly
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and prudential indicators.

Investment Strategy Objectives

The underlying policy objective for Walsall Council is for the prudent investment of its treasury balances. The council's investment priorities are:

- The security of capital
- Liquidity of its investments
- All investments will be in sterling
- The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

TREASURY MANAGEMENT PRACTICES

TMP 1 – TREASURY RISK MANAGEMENT

The S151 Officer shall:

- Ensure that appropriate arrangements are in place for the design; implementation and monitoring of all arrangements related to the identification, management and control of treasury management risk.
- Report at least annually on the adequacy/suitability thereof, and report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the council's objectives in this respect.
- In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives will be set out in schedules.

Liquidity
Objective: Adequate but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable the council at all times to have the level of funds available which are necessary for the achievement of its service objectives.

Interest Rates
Objective: Management of the council's exposure to fluctuations in interest rates with a view to containment of its net interest costs.

Exchange Rates
Objective: Management of the council's exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

Inflation
Objective: Control of exposure to the effects of inflation, in so far as they can be identified as impacting on treasury management activities.

Credit and Counterparties
Objective: To secure the principal sums invested over the period of the investment. A counterparty list will be maintained and the named organisations and limits will reflect a prudent attitude towards organisations with whom funds may be deposited.

Rescheduling and refinancing of Debt
Objective: All borrowing, private financing and partnership arrangements will be negotiated, structured and documented. The maturity profile of debt will be managed with a view to obtaining terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

Relationships with counterparties in these transactions will be managed in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

Legal and Regulatory
Objective: Compliance with statutory powers and regulatory requirements for all treasury management activities. The council will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.

In framing its credit and counterparty policy under TMP1 - *Credit and Counterparty risk management*, the council will ensure that there is evidence of counterparties powers, authority and compliance in respect of the transactions they may affect with the organisation, particularly with regard to duty of care and fees charged.

The council will seek to minimise the impact of future legislative or regulatory changes on its treasury management activities so far as it is reasonably able to do so.

Fraud, Error and Corruption, and Contingency Management
Objective**:** Identification of circumstances which may expose the council to the risk of loss through fraud, corruption or other eventualities in its treasury management dealings. Employ suitable systems and procedures and maintain effective contingency management arrangements.

Market Risk
Objective: Protection from adverse market fluctuations in the value of the principal sums invested over the period of the investment.

Additional Level Risk / Reward
Objective: to ensure that the risk/ reward balance is appropriate and consistent with the risk appetite of the council the following aims are managed;

- to have a large proportion of debt on fixed rates to provide stability.
- to have investments over a range of period lengths
- to use UK highly rated banks or strong building societies
- to obtain a fair return without any undue risk.

Environmental, Social and Governance Risk Management (ESG)
The revised CIPFA Treasury Management Code and Prudential Code issued in December 2021 require that authority's credit and counterparty policies reflect any corporate ESG policies. The authority has not yet set out a corporate ESG policy and Treasury Management Policies will be further reviewed and updated at the time that any corporate ESG policy is developed, to ensure that they are reflective of that.

Credit and Counterparty Risk Management

The Head of Finance – Technical & Transactional will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 - Reporting Requirements and Management Information Arrangements.

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests over the period of the investment. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 - Approved Instruments Methods and Techniques. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Policy on the use of credit risk analysis techniques

a. The council will use credit criteria in order to select creditworthy counterparties for placing investments with.
b. Credit ratings will be used as supplied from rating agencies – Fitch, Moody's and S&P.
c. Treasury management advisors will provide regular updates of changes to all ratings relevant to the council.
d. The Head of Finance – Technical & Transactional and Finance Manager – Technical Accounting, Treasury Management & Education, as responsible officers, will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

The primary credit rating agencies Primary Credit Rating Scales, which are used, are shown below.

	Moody's		S&P		Fitch	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Investment Grade	Aaa		AAA		AAA	
	Aa1		AA+		AA+	
	Aa2		AA		AA	
	Aa3		AA-		AA-	
	A1		A+	A-1+	A+	F1+
	A2		A		A	
	A3	P1	A-	A-1	A-	F1
	Baa1		BBB+		BBB+	
	Baa2	P2	BBB	A-2	BBB	
	Baa3	P3	BBB-	A-3	BBB-	F2 F3
Non-Investment Grade	Ba1		BB+		BB+	
	Ba2		BB		BB	
	Ba3		BB-	B	BB-	
	B1		B+		B+	
	B2		B		B	
	B3		B-		B-	B
	Caa		CCC		CCC	
	Ca		CC		CC	
	C	Not Prime	C	C	C	C
			D	D	D	D

The minimum credit ratings within these scales that the authority would expect for individual counterparties are set out below.

Minimum ratings	Moody's	S&P	Fitch
Short term	P3	A-3	F2
Long term	A3	A-	A-

Credit ratings for individual counterparties can change at any time. The Head of Finance – Technical & Transactional and the Finance Manager – Technical Accounting, Treasury Management & Education are responsible for applying approved credit rating criteria for selecting approved counterparties. Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on the criteria for selection of counterparties, and with the approval of either the Head of Finance – Technical & Transactional or Finance Manager – Technical Accounting, Treasury Management & Education.

e. This organisation will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including;

- The quality financial press
- Market data
- Information on government support for banks and the credit ratings of that government support
- The maximum maturity periods and investment amounts relating to Approved Investment Counterparties are set out below:

Organisation	Criteria	Max Amount	Max Period
Banks and Nationwide Building Society	Minimum Ratings as defined above in paragraph d.	£25m in total with fixed term not exceeding £15m	3 years
Building Societies	Following an individual financial assessment must have a minimum Free Capital Ratio above that set out by Common Equity Tier 1 (CET1) and have at least one credit rating as defined above in paragraph d. Following an individual financial assessment must have a minimum Free Capital Ratio no lower than that set out by Common Equity Tier 1 (CET1)	£10m £7m	3 years 3 years
Challenger Banks	Following an individual financial assessment must have a minimum Free Capital Ratio no lower than that set out by Common Equity Tier 1 (CET1), and must be a retail bank.	£15m	3 years
Money Market Funds	AAA long-term rating backed	£15m	3 years
Property Funds	Subject to individual financial assessment of each fund to identify the underlying financial strength	£30m	Review every 5 years
Multi-Asset Investment Funds	Subject to individual financial assessment of each fund to identify the underlying financial strength	£20m	5 years
Non UK Banks	Minimum Ratings as defined above in paragraph d.	£10m	1 year
Local Authorities	Subject to individual financial assessment of each fund to identify the underlying financial strength	£15m	3 years

Housing Associations	Subject to individual financial assessment of each fund to identify the underlying financial strength and credit ratings where available	£15m	3 years
Other	Subject to appropriate case by case review	£10m	N/A

f. In defining the level and term of deposits significant regard is given to the proportion of the institution in government ownership.
g. Following the changes to the Banking Regulation the council will consider when assessing the financial resilience of an institution key ratios e.g. common equity tier 1, leverage capital / exposure, liquidity coverage, net stable funding.

Notes:

- The definition of 'high credit quality' is also used to determine what are specified investments as opposed to non-specified investments. Specified investments are those that require minimum procedural formalities in terms of the placing of the investment by the treasury management team. Minimal procedural formalities means that the team is well experienced and knowledgeable in using these types of instruments and they pose minimal risk in their use.
- Other i.e. non-specified investments may be undertaken on the approval of the S151 Officer e.g. loans to other organisations and bond issues by other public sector projects and will be supported with appropriate rationale and due diligence to support investment security considerations. These may be for a duration longer than 3 years.
- For a credit rated bank to be on the council's counter party list the criteria must be passed for at least 2 of the credit ratings agencies.
- Full Individual Listings of Counterparties and Counterparty Limits are available on request and reported regularly to the Treasury Management Panel.

Local Authority Mortgage Scheme (LAMS)

Cabinet agreed to adopt the LAMS scheme on 24 October 2012. It involved the Council placing a matching five year deposit to the life of the indemnity. As of 31 July 2016 the LAMS scheme was closed to new applications following a slowdown in national activity, partly due to the introduction of the Help to Buy Guarantee scheme.

The LAMS deposit was repaid in February 2018, however there remains a residual risk of liability for the authority for a period of up to 5 years from the point of the last mortgage being taken out. Therefore any remaining risk will end by February 2023 allowing the scheme to be fully closed, and any reference removed from the Treasury Management Strategy following that point.

Authorisation of Payments

In order to support and maintain strong controls for the release of payments. A payment releasers register is maintained. It includes the names and post titles of officers authorised to sign financial documents releasing payments including cheques requiring manual signature and bank mandates. The payments releasers register is reviewed regularly and is approved by the S151 Officer or the Director of Finance, Corporate Landlord and

Performance.

The Invoice / Payments Authorisation process is regulated by the financial and contract rules. Limits and authorised officers are maintained in the authorised signatory's data base.

TMP 2 – BEST VALUE AND PERFORMANCE MEASUREMENT

The council actively works to promote value for money and best value in its treasury management activities. The treasury management function will be the subject of regular reviews to identify scope for improvement. In addition annual benchmarking is undertaken to measure performance and to ensure that relative to other councils the council is achieving a fair investment return without any undue risk.

TMP 3 – DECISION MAKING AND ANALYSIS

Full records will be maintained of treasury management decisions, and of the processes and practices applied in reaching those decisions, to demonstrate that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account.

TMP 4 – APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Only approved instruments, methods and techniques will be used, within the limits defined in TMP1 – Risk Management.

Sources of Borrowing
There shall be no restriction in principle on sources or methods of borrowing other than those imposed by law. The sources or methods of borrowing at any time will be determined by the current approved treasury management strategy.

Other Sources of Finance
The S151 Officer shall arrange operating leases and similar arrangements for items of equipment, vehicles, etc. where the acquisition or use of such items has been approved in line with the council's contract and rules.

Approved Organisations for Investments
The S151 Officer shall approve and revise from time to time, a list of organisations within the statutory definitions of approved investments, which would be eligible to receive investments from the council. Apart from the Government, and, in any emergency, the council's own bank, the maximum limit for investment with any single organisation shall be £25 million and the maximum period for investment shall be 3 years in accordance with each individual institution's credibility. The only exceptions to this are the approved investment in the LAMS scheme where the planned period of the investment was 7 years, and any investment in a Property Fund maximum limit shall be £30 million and will be reviewed on 5 year intervals. This should be reviewed at least monthly and incorporate any changes in ratings of counter parties.

Interest Rate Exposure
The limits on temporary borrowing and the proportion of interest at variable rates are set by Council, in accordance with Section 45 of the Local Government & Housing Act 1989.

TMP 5 – ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS

Treasury management activities will be properly structured in a clear and open fashion and a rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions and audit of the treasury management function.

If and when the council intends, due to a lack of resources or other circumstance, to depart from these principles, the S151 Officer will ensure that the reasons are properly reported in accordance with **TMP6** - Reporting Requirements and Management Information Arrangements and the implications properly considered and evaluated.

- The S151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover.
- The S151 Officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the S151 Officer in respect of treasury management are set out in the Constitution. The S151 Officer will fulfil all such responsibilities in accordance with the Policy Statement and TMP's and the Standard of Professional Practice on Treasury Management. This includes, but not exclusively, the following activity.

Activity	Prepared by	Delegation / Accountability
Approval of Treasury Management and Investment Strategy	Director of Finance, Corporate Landlord and Performance / S151 Officer	Cabinet Council
Approval of Treasury Management Policies	Director of Finance, Corporate Landlord and Performance /S151 Officer	Cabinet Council
Amendments to authorised officers and officer limits set out within the treasury management practices	Head of Finance – Technical & Transactional / Finance Manager – Technical Accounting, Treasury Management & Education	S151 Officer
Review the debt portfolio and reschedule loans when considered appropriate	Finance Manager – Technical Accounting, Treasury Management & Education	S151 Officer
Updates to TM Practices	Head of Finance – Technical & Transactional / Finance Manager – Technical Accounting, Treasury Management & Education	S151 Officer
Undertake budget monitoring and initiate actions when necessary	Finance Manager – Technical Accounting, Treasury Management & Education	Head of Finance – Technical & Transactional

Authorisation of loan interest payments	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Approval of overnight investments	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Preparation of borrowings documentation	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
To arrange borrowing from time to time for the council's purposes. Sources of funds will comprise temporary loans, loans from PWLB, other mortgages and bonds, money bills, bank overdraft and internal funds of the council, subject to any restrictions which may be made by statute, Council or Cabinet	Finance Manager – Technical Accounting, Treasury Management & Education	S151 Officer or Director of Finance, Corporate Landlord and Performance
Maintain Payment Releasers Register	Finance Business Partner - Treasury	S151 Officer or Director of Finance, Corporate Landlord and Performance
To arrange finance and operating leases as required in accordance with council's capital programme	Finance Manager – Technical Accounting, Treasury Management & Education	S151 Officer or Director of Finance, Corporate Landlord and Performance
To invest council funds temporarily not required in accordance with the statutory provisions regulating approved investments as defined in Section 66 of the Local Government and Housing Act 1989, subject to any restrictions which may be made by statute, by Council or by Cabinet	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
To maintain a counter party list of approved organisations eligible to receive council investments, this involves; - ongoing monitoring of ratings on investment products and institutions. - Investigation and appraisal of free capital ratio measures - signing off by the treasury manager as evidence of a monthly review and mid-month changes if necessary. if ratings change for an investment product or institution currently held then actions for a	Finance Business Partner - Treasury	Head of Finance – Technical & Transactional / Finance Manager – Technical Accounting, Treasury Management & Education or S151 Officer dependent on limits set by TMP on exit strategy

possible exit of that strategy are undertaken as approved by the Treasury Management Panel		
Daily cash flow forecast	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Update loan records	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Operational Cash Flow	Finance Business Partner - Treasury	Head of Finance – Technical & Transactional / Finance Manager – Technical Accounting, Treasury Management & Education / Finance Business Partner - Treasury
Audit and control review and improvements Recommendations implementations	Internal Audit / All	Finance Business Partner - Treasury
Annual MRP Policy review	Senior Accountancy Officer – Financial Reporting	Head of Finance – Technical & Transactional / Finance Manager – Technical Accounting, Treasury Management & Education / Finance Business Partner - Treasury
Maintain accurate up to date information on Treasury Management	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury

TMP 6 – REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

Regular reports will be prepared for consideration by Council on:

- Annual report on treasury management activities for the preceding year
- Treasury management strategy for the year, reviewed at least once during the year
- Regular monitoring reports on prudential and local indicators are prepared for the Treasury Management Panel.

Report	Frequency	When	Prepared by	To
Review of Treasury Management Strategy (TMS) and Treasury Management Policies	Annual	February/ March	Head of Finance – Technical & Transactional	Cabinet and Council

TMS – material changes	Immediately	As required	Head of Finance – Technical & Transactional / Finance Manager – Technical Accounting, Treasury Management & Education	Cabinet and Council
Treasury Management Annual Report	Annual	September	Head of Finance – Technical & Transactional	Cabinet and Council
Mid-Year Report	Annual	December	Head of Finance – Technical & Transactional	Cabinet and Council
TM budget monitoring	Quarterly Monthly	Jul, Oct, Jan, Apr	Finance Business Partner – Treasury (reviewed by Finance Manager – Technical Accounting, Treasury Management & Education)	S151 Officer, Treasury Management Panel, Director of Finance, Corporate Landlord and Performance for inclusion in overall corporate financial monitoring reports to CMT and Cabinet which are first reviewed by the S151 Officer
TM performance indicators	Quarterly Monthly	Jul, Oct, Jan, Apr	Finance Business Partner – Treasury (reviewed by Finance Manager – Technical Accounting, Treasury Management & Education)	S151 Officer, Treasury Management Panel, Director of Finance, Corporate Landlord and Performance for inclusion in overall corporate financial monitoring reports to CMT and Cabinet which are first reviewed by the S151 Officer

Cashflow summary	Monthly		Finance Business Partner – Treasury	Finance Manager – Technical Accounting, Treasury Management & Education
Borrowing transactions	Monthly		Finance Business Partner – Treasury	Finance Manager – Technical Accounting, Treasury Management & Education
Payment Releasers Register	Quarterly		Finance Business Partner – Treasury	S151 Officer, Director of Finance, Corporate Landlord and Performance
Operational Investment Strategy	Quarterly		Finance Business Partner – Treasury	Finance Manager – Technical Accounting, Treasury Management & Education
12 monthly cashflow	Quarterly		Finance Business Partner – Treasury	Finance Manager – Technical Accounting, Treasury Management & Education
Government statistical returns	Monthly		Finance Manager – Technical Accounting, Treasury Management & Education / Finance Business Partner – Treasury	Department for Communities and Local Government
Daily cash balance forecast	Daily		Treasury Management Accountancy Assistant	Finance Business Partner – Treasury

TMP 7 – BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The S151 Officer will prepare an annual treasury management budget which will bring together all costs involved in running the treasury management function and associated income. This will be presented to Cabinet and Council and is approved as part of the Treasury Management and Investment Strategy.

The council will account for its treasury management activities in accordance with appropriate accounting practices, standards and statutory and regulatory requirements.

The council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

In line with market convention loans office staff, when dealing, are required to commit the council to terms of borrowing and investment transactions by telephone. Although these transactions are not legally binding until confirmed in writing, if subsequently dishonoured, this may damage the council's reputation. Electronic funds transfer requires the involvement of three officers, at least one of whom shall be on the payment releasers register.

TMP 8 – CASH AND CASH FLOW MANAGEMENT

All council monies will be under the control of the S151 Officer. Funds that are available within all council monies to support treasury management purposes are identified and Cash flow projections in relation to these funds are prepared on a regular and timely basis and the S151 Officer will ensure that these are adequate for the purposes of monitoring compliance with **TMP1** Liquidity risk management.

TMP 9 – MONEY LAUNDERING

Procedures will be enforced for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staffs involved in this area are properly trained.

As a responsible public body, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly the council undertakes a number of safeguards including the following;

a. evaluates the prospect of laundered monies being handled by them
b. determine the appropriate safeguards to be put in place
c. require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
d. make all its staff aware of their responsibilities under Proceeds of Crime Act (POCA) 2002

In respect of treasury management transactions, there is a need for due diligence. The Council will only invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The register can be accessed through the Financial Conduct Authority website.

All transactions will be carried out by BACS or Chaps for making deposits or repaying loans.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000.

TMP 10 – MONEY LAUNDERING

The council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. An annual review of treasury staff capacity, training needs and experience will be undertaken and reported to the Treasury Management Panel along with a register of all training completed by Council Officers involved in treasury management processes of the Council. Specific training for councillors will be provided and undertaken as required.

TMP 11 – USE OF EXTERNAL SERVICE PROVIDERS

When external service providers are employed, the S151 Officer will ensure it does so for reasons which have been subjected to a full evaluation of the costs and benefits. The terms of appointment and the methods by which service providers' value will be assessed will be properly agreed and documented.

The council does not currently require external investment managers, but recognises it may do so in the future for general or specific advice on a range of matters. These future services would be procured using the council's prevailing regulations relating to obtaining supplies and services. The council employs external treasury advisors to provide economic outlooks and information relevant to making robust investment and borrowing decisions.

TMP 12 – CORPORATE GOVERNANCE

This authority is committed to the pursuit and achievement of proper corporate governance throughout its business and services and to establish principles and practices by which this can be achieved. Accordingly the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The council has adopted and has implemented the key recommendations of the CIPFA Code. The S151 Officer will monitor and when necessary, report upon the effectiveness of these arrangements to Cabinet.

A forum for the monitoring of Governance arrangements is the Treasury Management Panel. The Treasury Management Panel meets quarterly chaired by the S151 Officer or (in the absence of the S151 Officer) the Director of Finance, Corporate Landlord and Performance (deputy S151 Officer). It will receive reports on the monitoring of Prudential and Local Indicators and approve drafts of strategy and policy cabinet/council reports. It will also initiate work and projects to further ensure strong compliance of internal controls and effective treasury performance.

Sherbourne Recycling Limited (SRL)

Sherbourne Recycling Ltd, which will provide a regional mixed recycling facility, was incorporated on 1 April 2021 as a company limited by shares. The shareholders of this company are eight local authorities including Walsall Council. The council has a shareholding of 19.66% of the company and is the second largest shareholder. The other shareholders are Coventry City Council, Solihull Metropolitan Borough Council, Stratford on Avon District Council, Warwick District Council, Rugby Borough Council, Nuneaton &

Bedworth Borough Council and North Warwickshire Borough Council.

The regional materials recycling facility is currently within the build phase of the project and is due to become operational during 2023. To obtain governance during the build phase the Council holds a director post within the company which sits on the Board. In addition to meetings of the board, there is a Finance Sub-Group which meets twice a year to feedback timescales, issues and updates on the projected timeframe for opening the facility.

There is an approved loan facility of £11.264m between Sherbourne Recycling Limited and the council and whenever SRL require funds they send a loan drawdown notice requesting funds which gets approved and then paid.

The Regional Materials Recycling Facility Capital Project is monitored monthly and reported to the following:

- EE&C Capital Programme/Projects Board meeting which meets quarterly and is chaired by Director, Place & Environment with the other Directors and Heads of Service within EEC attending
- Overview and Scrutiny Committee Corporate Financial Performance - Quarterly
- Head of Finance Meetings - Monthly
- Cabinet Corporate Financial Reporting - Quarterly

As the project is currently in the implementation phase the post go live governance processes are currently being developed to ensure appropriate oversight and reporting to partners once in operation (and this TMP will be updated to reflect that once approved).

Birmingham Airport Holdings Limited (BAH)

The seven West Midlands local authorities own 49% of BAH's 320 million ordinary shares of £0.01 each. The council owns 4.88% of these shares. The other shareholders are Airport Group Investments Limited (48.35%) and an employee share trust (2.75%). In addition the seven West Midlands authorities own all of BAH's 6.31% preference shares, of which Walsall Council owns 9.95%. These are cumulative and irredeemable.

The Council monitors its investment and governance processes through its membership on the West Midlands Airport Shareholder Committee, by its nominated Councillor. The Leader of the Council is also a Director of Birmingham Airport Holdings Ltd.